NAYS—37

Ashurst	Costigan	Logan	Schwellenbach
Austin	Donahey	McCarran	Steiwer
Bachman	Frazier	McNary	Truman
Barkley	Gibson	Minton	Vandenberg
Bone	Hale	Murphy	Van Nuys
Borah	Hastings	Murray	Walsh
Bulkley	Hayden	Neely	White
Burke	Johnson	Nye	
Capper	Keyes	O'Mahoney	
Copeland	Lewis	Schall	

NOT VOTING—30

Barbour	Duffy	McGill	Pope
Byrd	George	McKellar	Reynolds
Carey	Gerry	Metcalf	Townsend
Clark	Guffey	Moore	Tydings
Coolidge	La Follette	Norbeck	Wagner
Cutting	Long	Norris	Wheeler
Davis	Maloney	Overton	
Dickinson	McAdoo	Pittman	

So the Senate refused to adjourn.

The VICE PRESIDENT. The question now is on the motion of the Senator from Oregon [Mr. McNARY] that the Senate take a recess until 12 o'clock noon on Monday next.

Mr. McNARY. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GLASS (when his name was called). I have a general pair with the Senator from New Mexico [Mr. CUTTING]. Not knowing how he would vote, if present, or how I want to vote, I withhold my vote. [Laughter.]

Mr. McKELLAR. I repeat the announcement as to my pair with the Senator from Delaware [Mr. TOWNSEND]. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. BULKLEY. I understand my general pair, the Senator from Wyoming [Mr. CAREY], would vote as I intend to vote on this question. I therefore am free to vote, and vote "yea."

Mr. NORRIS (after having voted in the negative). While there is a doubt in my mind as to whether my pair with the Senator from Wisconsin [Mr. LA FOLLETTE] would apply on this vote, inasmuch as it does not make much difference anyway, I will withdraw my vote on account of my pair with the Senator from Wisconsin, who is unavoidably detained from the Senate.

Mr. LEWIS. I am requested by the Senator from Louisiana [Mr. OVERTON] to say that if he were present and voting, he would vote "yea."

I regret to announce that the Senator from Connecticut [Mr. MALONEY] is detained from the Senate on account of illness.

I desire further to announce that the following Senators are unavoidably detained from the Senate:

The Senator from Missouri [Mr. CLARK], the Senator from Wisconsin [Mr. DUFFY], the Senator from Georgia [Mr. GEORGE], the Senator from Rhode Island [Mr. GERRY], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. McADOO], the Senator from Kansas [Mr. McGILL], the Senator from New Jersey [Mr. MOORE], the Senator from Nevada [Mr. PITTMAN], the Senator from Idaho [Mr. POPE], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Maryland [Mr. TYDINGS], the Senator from New York [Mr. WAGNER], the Senator from Montana [Mr. WHEELER], the Senator from Mississippi [Mr. HARRISON], and the Senator from Massachusetts [Mr. COOLIDGE].

Mr. AUSTIN. I wish to announce the general pair of the Senator from Maine [Mr. HALE] and the Senator from Mississippi [Mr. HARRISON]. Also the general pair of the Senator from New Jersey [Mr. BARBOUR] and the Senator from North Carolina [Mr. REYNOLDS].

The result was announced—yeas 49, nays 10, as follows:

YEAS—50

Adams	Bone	Capper	Fletcher
Ashurst	Brown	Caraway	Frazier
Austin	Bulkley	Copeland	Gibson
Bailey	Bulow	Costigan	Gore
Bankhead	Burke	Couzens	Hastings
Barkley	Byrd	Dieterich	Hatch
Black	Byrnes	Donahey	Hayden
Johnson	McNary	Russell	Thomas, Utah
Keyes	Metcalf	Schall	Trammell
King	Murphy	Schwellenbach	Vandenberg
Logan	Nye	Sheppard	Van Nuys
Lonergan	O'Mahoney	Smith	
McCarran	Radcliffe	Steiwer	

NAYS—10

Bilbo	Minton	Shipstead	Truman
Borah	Murray	Thomas, Okla.	Walsh
Lewis	Neely		

NOT VOTING—35

Bachman	Duffy	McAdoo	Pope
Barbour	George	McGill	Reynolds
Carey	Gerry	McKellar	Robinson
Clark	Glass	Maloney	Townsend
Connally	Guffey	Moore	Tydings
Coolidge	Hale	Norbeck	Wagner
Cutting	Harrison	Norris	Wheeler
Davis	La Follette	Overton	White
Dickinson	Long	Pittman	

So the motion to recess was agreed to.

RECESS

Thereupon (at 1 o'clock and 15 minutes p. m.) the Senate took a recess until Monday, April 29, 1935, at 12 o'clock meridian.

SENATE

MONDAY, APRIL 29, 1935

(Legislative day of Monday, Apr. 15, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, April 27, 1935, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolutions:

On April 24, 1935:

S. 1572. An act to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended;

S. J. Res. 93. Joint resolution to extend the time within which contracts may be modified or canceled under the provisions of section 5 of the Independent Offices Appropriation Act, 1934; and

S. J. Res. 97. Joint resolution authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the convention of the Imperial Council of the Mystic Shrine in the District of Columbia, June 8, 1935, to June 17, 1935, both inclusive.

On April 25, 1935:

S. 93. An act to authorize certain officers of the Navy and Marine Corps to administer oaths;

S. 1208. An act authorizing personnel of the naval service to whom a commemorative or special medal has been awarded to wear in lieu thereof a miniature facsimile of such medal and a ribbon symbolic of the award;

S. 1210. An act authorizing certain officials under the Naval Establishment to administer oaths; and

S. 2197. An act to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products in the District of Columbia.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson	Pope
Ashurst	Coolidge	Keyes	Radcliffe
Austin	Copeland	King	Robinson
Bachman	Costigan	La Follette	Russell
Bailey	Couzens	Lewis	Schall
Bankhead	Dickinson	Logan	Schwellenbach
Barbour	Dieterich	Lonergan	Sheppard
Barkley	Donahey	Long	Shipstead
Bilbo	Duffy	McCarran	Smith
Black	Fletcher	McGill	Steiwer
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Gerry	Minton	Townsend
Bulkley	Gibson	Moore	Trammell
Bulow	Glass	Murphy	Truman
Burke	Gore	Murray	Tydings
Byrd	Guffey	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walsh
Carey	Hatch	Overton	Wheeler
Clark	Hayden	Pittman	White

Mr. AUSTIN. I announce that the Senator from South Dakota [Mr. NORBECK] and the Senator from Rhode Island [Mr. METCALF] are necessarily absent.

Mr. LEWIS. I anounce that the Senator from Connecticut [Mr. MALONEY] is absent because of illness, and that the Senator from California [Mr. MCADOO] and the Senator from North Carolina [Mr. REYNOLDS] are necessarily detained from the Senate. I request that this announcement stand for the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Oklahoma, which was referred to the Committee on Agriculture and Forestry:

A concurrent resolution memorializing Congress to enact the Frazier-Lemke loan refinancing bill now pending before it

Be it resolved by the House of Representatives of the Fifteenth Legislature of the State of Oklahoma (the senate concurring therein), That the Congress of the United States be memorialized by the Legislature and the people of the State of Oklahoma to enact the Frazier-Lemke loan refinancing bill now pending before that body; be it further

Resolved, That copies of this resolution be mailed by the chief clerk of the house of representaitves to the Chief Clerk of both the House of Representatives and Senate of the United States Congress, and to each member of the Oklahoma delegation in Congress.

Adopted by the house of representatives this the 25th day of February 1935.

Adopted by the senate this the 24th day of April 1935.

The VICE PRESIDENT also laid before the Senate a letter in the nature of a petition from the chairman of the board of directors of the Inland Employees' Association, Dayton, Ohio, praying, on behalf of approximately 1,450 employees of the Inland Manufacturing Co., for the prompt enactment of the so-called "Wagner labor-disputes bill", which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted at a mass meeting of 2,500 workers held under the auspices of the Custom Tailoring Workers Industrial Union of New York, New York City, N. Y., protesting against the enactment of proposed alien and sedition legislation, which was referred to the Committee on Immigration.

He also laid before the Senate a memorial presented by a delegation composed of members or affiliated members of the New York City Committee of the American League Against War and Fascism, remonstrating on behalf of that organization against the enactment of proposed alien and sedition legislation and all measures proposing to abrogate, limit, or suppress civil rights, which was referred to the Committee on the Judiciary.

He also laid before the Senate papers in the nature of petitions from the Sorosis Club and the executive committee of the Federation of Women's Clubs, both of Cleveland, Ohio, and the board of directors of the League of Women Citizens of Asheville, N. C., praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana [Mr. LONG and Mr. OVERTON], which were referred to the Committee on Privileges and Elections.

He also laid before the Senate a telegram in the nature of a petition from the State Negro Citizens' Committee, Columbia, S. C., praying for the enactment of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a petition from the president and board of managers of the National Congress of Parents and Teachers, Miami, Fla., praying for the prompt enactment, in the interest of consumers, of Senate bill No. 5, the pure food, drugs, and cosmetics bill, without the so-called "Clark and Bailey amendments" thereto, which was ordered to lie on the table.

Mr. WALSH presented a resolution adopted by the Board of Aldermen of the City of Medford, Mass., protesting against the imposition of the cotton-processing tax, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by Aerie No. 1702, Fraternal Order of Eagles, of Amesbury, Mass., favoring the enactment of legislation granting monetary assistance to the States in the payment of old-age pensions, which was referred to the Committee on Finance.

He also presented a letter in the nature of a petition from Linton T. Bassett, chairman of the advisory committee of Townsend Club, No. 1, of Orange, Mass., praying for the enactment of the so-called "McGroarty old-age pension and social-security bill", which was referred to the Committee on Finance.

He also presented a letter in the nature of a petition from the Polish American Club of Springfield, Mass., praying for the enactment of the bill (H. R. 2827) to provide for the establishment of unemployment, old-age, and social insurance, and for other purposes, which was referred to the Committee on Finance.

He also presented a letter in the nature of a petition from Local No. 534, Cement and Asphalt Finishers Union, of Boston, Mass., favoring the enactment of House bills nos. 5450, 6124, 6368, and 6672, relative to a graduated tax on cigarettes, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Celtic Social Club, of Holyoke, Mass., favoring the enactment of legislation providing for the issuance of a special postage stamp to commemorate the one hundred and fiftieth anniversary of Commodore John Barry, which was referred to the Committee on Naval Affairs.

He also presented a resolution adopted by the City Council of Fall River, Mass., favoring the enactment of legislation awarding the Distinguished Service Cross to John Moran, of Fall River, Mass., for bravery and presence of mind in saving the lives of occupants of a lifeboat after the torpedoing of the U. S. S. *Buenaventura* in the Bay of Biscay, on September 16, 1918, which was referred to the Committee on Naval Affairs.

He also presented a resolution endorsed by the City Council of Leominster, Mass., favoring the enactment of legislation providing for the immediate payment of adjusted-service certificates of World War veterans, which was ordered to lie on the table.

He also presented a resolution adopted by the City Council of Leominster, Mass., favoring the removal of all pollution from the Nashau River, in accordance with the proposed plan for a Federal project, which was ordered to lie on the table.

He also presented a letter in the nature of a petition from Local Union No. 14, International Union of United Brewery, Flour, Cereal, and Soft Drink Workers of America, of Boston and Vicinity, in the State of Massachusetts, praying for the prompt enactment of the so-called "Black 30-hour work week bill", which was ordered to lie on the table.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was ordered to lie on the table:

Senate Joint Resolution 14

Relative to memorializing and petitioning the President and the Congress of the United States to include the Central Valley project in the national program of work relief

Whereas California has one of the gravest unemployment problems in the United States, due to the fact that the State has become the haven of unemployed from every section of the country; and

Whereas one of the most constructive methods of coping with the unemployment problem is the building of useful and necessary public works which will confer permanent and lasting benefits as well as afford immediate work relief; and

Whereas California is in urgent need of the development, conservation, and stabilization of its water resources to prevent the abandonment of thousands of farms and homes, and to avert tremendous financial losses; and

Whereas the State of California has prepared a comprehensive coordinated plan for the progressive economic development of the water resources of the State, carefully formulated over a period of 14 years, which provides for the control of floods and salinity encroachment, the improvement of navigation, the conservation and stabilization of water supplies for municipal, irrigation, industrial, and mining uses, and for the generation of electric power; and

Whereas the Legislature of the State of California in 1933 passed the Central Valley project act, which was signed by the Governor, and was thereafter approved by vote of the people of the State at a special election held on December 19, 1933; and

Whereas the said Central Valley project act created the water project authority of the State of California to execute and administer the Central Valley project, which project is designated as the first step in the comprehensive plan for the Great Central Valley of California; and

Whereas said Central Valley project has been investigated and approved by 13 agencies of the Federal Government and has been recommended for Federal financing; and

Whereas said project has further been recommended by the President's Committee on Water Flow and by the National Resources Board as one of the country's foremost projects for a national program of public works; and

Whereas there is now pending before the Federal Emergency Administration of Public Works an application by the water project authority for a grant and loan of funds to construct said project; and

Whereas the House of Representatives has passed H. R. 6732, authorizing the improvement of the Sacramento River in accordance with the plan as set forth in House of Representatives' Document No. 35, Seventy-third Congress, which recommends a Federal contribution of $12,000,000 to the cost of the Kennett Dam of the Central Valley project; and

Whereas the said project will be self-liquidating under Public Works Administration financing, and the cost thereof will be returned with interest to the Federal Government from revenues obtained by the sale of water and power; and

Whereas said project is ready for immediate construction when funds are made available for such purpose; and

Whereas the consummation of the said project will enable 50,000 American people to sustain themselves by their present means of livelihood, and will prevent their being thrown into the ranks of the unemployed, and further will stop the reversion to desert of one-half million acres of highly developed and settled lands valued at $100,000,000; and

Whereas a greater degree of flood protection in the Sacramento Valley is highly desirable as evidenced by the recent floods on the Sacramento River and its tributaries; and

Whereas the construction of said project will give employment to thousands of workers now unemployed, not only in California but throughout the Nation, thereby relieving unemployment in many branches of industry, particularly in the heavy manufacturing industries in the East and Middle West; and

Whereas Congress has appropriated $4,880,000,000 for work relief, with the approval of the President of the United States, a large portion of which is intended for projects of the nature of the Central Valley project; and

Whereas the public interest, welfare, convenience, and necessity require immediate provision for adequate financing of said Central Valley project: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the State of California, through its legislature, recommends the Central Valley project to the President and to the Congress of the United States as of first and prime importance to the State of California, and respectfully requests that adequate funds be made available from the work-relief appropriation for immediate construction of the project, thereby conferring lasting benefits upon the people of the State of California and affording substantial unemployment relief now vitally necessary, all in a manner conforming admirably with the splendid program initiated by the President of the United States to speed national recovery; and be it further

Resolved, That the Governor is requested to transmit copies of this resolution to the President and to the Vice President of the United States, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress.

CENTRAL BANK OF ISSUE

Mr. BORAH. I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution adopted by the Grange of my State on the subject of a centrally controlled bank; also a list of the Granges which have adopted a similar resolution.

There being no objection, the resolution and list were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolution

Whereas strenuous efforts are already in evidence in our National Congress to sidetrack or defeat the establishment of a real governmentally owned, controlled, and operated central bank of issue with complete power over currency and credit; and

Whereas Idaho State Grange at its last session, by unanimous vote, asked for the establishment of said bank, considering it of first and basic importance in the reestablishment of normal conditions; and

Whereas we find the ideas and wishes as expressed by the Idaho State Grange, many Pomona and local granges of the State, in connection with the establishment of said bank incorporated in a bill introduced by Congressman LEMKE, known as "H. R. 3008": Now, therefore, be it

Resolved by Locust Grange, No. 118, in session duly assembled this 19th day of February 1935, That we respectfully request of our congressional delegates to use their united effort in obtaining the passage of the bill known as "H. R. 3008", or such other bill as is found to contain the same provisions and manner of operation as are contained in H. R. 3008.

Further resolved, That copies of these expressed wishes of this Grange be, without delay, forwarded to our congressional delegation, one to our honored State Grange master, W. W. Deal, one to the National Grange legislation representative, Fred Brenchman, one to President Franklin D. Roosevelt, and one to the press.

LOCUST GROVE GRANGE, No. 118,
THOS. P. POTTER, *Master,*
ETHEL LEWIS, *Secretary.*

Submitted to Grange No. 300, Lewiston, Idaho, March 20, 1935; 75 members present; x for, 0 against.

When acted upon please return immediately to the State master.

MARGARET C. LAING, *Secretary.*

This resolution has been endorsed by the following granges: Grange No. 246, Reynolds, Idaho; Grange No. 302, Westmond, Idaho; Grange No. 282, Boise, Idaho; Grange No. 328, Slickpoo, Idaho; Grange No. 345, Caldwell, Idaho; Grange No. 321, Albion, Idaho; Grange No. 99, Nampa, Idaho; Grange No. 253, Idaho Falls, Idaho; Grange No. 273, Plummer, Idaho; Grange No. 289, May, Idaho; Grange No. 233, Magic, Idaho; Grange No. 25, Meridian, Idaho; Grange No. 274, Salmon, Idaho; Grange No. 258, Idaho Falls, Idaho; Grange No. 22, Grangeville, Idaho; Grange No. 137, Tuttle, Idaho; Grange No. 105, Hazelton, Idaho; Grange No. 2, Payette, Idaho; Grange No. 352, Colburn, Idaho; Grange No. 118, Meridian, Idaho; Grange No. 140, Mountain Home, Idaho; Grange No. 323, Winchester, Idaho; Grange No. 293, Tensed, Idaho; Grange No. 172, Wilder, Idaho; Grange No. 312, Kootenai, Idaho; Grange No. 82, Wendell, Idaho; Grange No. 197, Upper Fairview, Idaho; Grange No. 73, Payette, Idaho; Grange No. 229, Pocatello, Idaho; Grange No. 305, Rigby, Idaho; Grange No. 353, Clarks Fork, Idaho; Grange No. 177, Kennedy Ford, Idaho; Grange No. 303, Sandpoint, Idaho; Grange No. 170, Bowmont, Idaho; Grange No. 244, Maple Grove, Boise, Idaho; Grange No. 175, Boise, Idaho; Grange No. 338, Peck, Idaho; Grange No. 179, Deep Creek, Idaho; Grange No. 234, Bruneau, Idaho; Grange No. 152, Star, Idaho; Grange No. 241, Archer, Idaho; Grange No. 100, Hansen, Idaho; Grange No. 216, Twin Falls, Idaho; Grange No. 349, Arbon, Idaho; Grange No. 225, Pleasant Valley, Idaho; Grange No. 124, Harrison, Idaho; Grange No. 24, St. Anthony, Idaho; Grange No. 357, Ferdinand, Idaho; Grange No. 181, Buhl, Idaho; Grange No. 154, Huston, Idaho; Grange No. 295, Nezperce, Idaho; Grange No. 131, Nampa, Idaho; Grange No. 59, Kuna, Idaho; Grange No. 252, Wilder, Idaho; Grange No. 116, Meridian, Idaho; Grange No. 151, Richfield, Idaho; Grange No. 3, Ruper, Idaho; Grange No. 311, Avon, Idaho; Grange No. 264, Dudley, Idaho; Grange No. 189, Buhl, Idaho; Grange No. 346, Craigmont, Idaho; Grange No. 347, Couer d'Alene, Idaho; Grange No. 285, Garfield, Idaho; Grange No. 135, Caldwell, Idaho; Grange No. 267, Jerome, Idaho; Grange No. 247, Mackay, Idaho; Grange No. 287, St. Leon, Idaho; Grange No. 164, Glenns Ferry, Idaho; Grange No. 278, Blackfoot, Idaho.

ERADICATION OF CATTLE DISEASES

Mr. SCHALL. Mr. President, the Government is now spending $25,000,000 in an attempt to eradicate Bang's disease from our cattle by slaughtering positive reactors. The Bureau of Animal Industry does not know whether this experiment will work, and likely it will not do better in the future than it has in the past, yet it refuses to abandon this cattle-killing method in favor of more sane and sensible

methods. The Department seems to have a farm-animal-killing complex, first hogs, now cattle.

Some years ago it made a test of the Bowman treatment from laboratories in my State, but did not make it according to rules and regulations that have been found effective, and now it refuses to try it at all. It prefers the killing method. While the Department thus fiddles around, cattle die and meat prices mount.

I ask that a letter addressed to Mr. Milo Reno by the late John Thompson, editor of Wallace's Farmer and Iowa Homestead, be inserted in the RECORD and referred to the Committee on Agriculture.

There being no objection, the letter was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

MARCH 2, 1935.

Mr. MILO RENO,
President Farmers' Holiday Association,
Des Moines, Iowa.

DEAR MR. RENO: In reply to your telephone request for information concerning the Bowman treatment for contagious abortion in cattle, I take pleasure in making the following statements, which are based upon a great deal of first-hand knowledge derived from visiting herds of cattle that have been given this treatment.

To begin with, let me say that I am familiar with the contention of the Bureau of Animal Industry, Washington, D. C., that some years ago that institution gave the treatment a test and found it to be valueless as a curative agent for contagious abortion. No doubt a test was made, but it was made without regard to Mr. Bowman's methods and recommendations. Bowman has never claimed that one treatment of his remedy would turn a cow reacting positive to the blood test negative, and yet such a test was made by the Government, and on that result it was concluded that the treatment had no value.

Here are some plain facts that cannot be disputed by the Bureau of Animal Industry or anyone else:

The Bowman treatment has, to my knowledge, been applied to the positive cows in many herds, and in the course of from 3 to 12 months over 90 percent of the positive reactors have become negative. It has required several treatments to bring about this change. To contend that such results cannot be secured is ridiculous when facts prove the contrary.

Please understand that the blood test referred to above is the diagnostic agent which the Government and the veterinary profession uses to determine whether a herd of cattle is infected with Bang's disease or not. If, therefore, a course of treatments will turn a positive reacting cow negative and cause the herd to breed and produce calves in a normal manner, it is important that livestock breeders be informed of that fact. To withhold such useful knowledge from the public is nothing short of criminal.

Because the Bureau of Animal Industry did not succeed in turning positive reacting cows negative with one Bowman treatment, it has steadfastly refused to make another test, notwithstanding the fact that Bowman has for years turned positive reacting cows negative and stopped Bang's disease in hundreds of herds.

All that Bowman asks is to let him demonstrate what he can do with a herd infected with this disease in his own way. If he fails to turn from 90 to 100 percent of the positive reacting cows and heifers in any herd negative and fails to put them in good breeding condition, then his treatment is not what he claims it to be. Any man with common sense can ascertain whether or not the Bowman treatment can do what is claimed for it. It is not necessary that a technically trained veterinarian should superintend such a demonstration. Bowman has been doing this thing for years. I hope that you may be able to impress upon the Agricultural Committees of the House and Senate at Washington that they should appoint a committee of their own, free from prejudice for or against the Bowman remedy, and give Bowman an opportunity to prove the efficacy of his remedy in his own way. It is nonsense to say that some great scientific experiment must be conducted by technical men to determine what the Bowman treatment will do when properly administered to a herd of cattle infected with Bang's disease.

Here are a few facts about the Bowman treatment that I wish to call your attention and for which blood-test records are available as proof of the fact that the treatment has caused positive testing cows to become negative.

First, 18 positive cows that had been positive for 2 or more years, according to tests made by a State experiment station, were treated several times with Bowman's, and in less than a year all but one became negative, according to an official test. I could mention several other similar demonstrations of the efficacy of the treatment in eradicating abortion from herds. I am convinced that if the livestock men were apprised of these facts they would eradicate Bang's disease from the cattle of the United States in a few years.

The Government is now spending $25,000,000 in endeavoring to eliminate Bang's disease from our cattle by slaughtering positive reactors, and I seriously doubt whether the head of the Bureau of Animal Industry himself believes that anything of value will accrue from this experiment.

There is something radically wrong when a group of so-called "scientific" men in the employ of the Government is permitted to refuse to let a man demonstrate publicly that he can save the livestock industry millions of dollars annually, especially since he has for years been doing that very thing. Bowman is ready to show the Government what he can do, and he should be given the opportunity.

Yours very truly,

JOHN THOMPSON, *Editor.*

REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on the Judiciary, to which was referred the bill (S. 1277) authorizing persons, firms, corporations, associations, or societies to file bills of interpleader, reported it with amendments and submitted a report (No. 558) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2472) to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission, reported it without amendment and submitted a report (No. 559) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 2702) for the relief of Multnomah County, Oreg.; to the Committee on Claims.

By Mr. GEORGE:

A bill (S. 2703) for the relief of Edwin W. Romberger; to the Committee on Military Affairs.

By Mr. OVERTON:

A bill (S. 2704) for the relief of Clayton M. Thomas; to the Committee on Military Affairs.

A bill (S. 2705) granting a pension to Eddie R. Guyon;

A bill (S. 2706) granting a pension to Everett Hilliad Harvey;

A bill (S. 2707) granting a pension to Robert Hutchison Owens; and

A bill (S. 2708) granting a pension to Mary Lou Wallace Paul; to the Committee on Pensions.

By Mr. HARRISON:

A bill (S. 2709) for the relief of the Ingram-Day Lumber Co.; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2710) to amend the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. BYRD and Mr. HATCH:

A bill (S. 2711) to amend the Emergency Relief Appropriation Act of 1935; to the Committee on Appropriations.

By Mr. O'MAHONEY:

A bill (S. 2712) to promote the efficiency of the Bureau of Engraving and Printing; to the Committee on Civil Service.

A bill (S. 2713) to authorize the erection of additional facilities at the existing Veterans' Administration facility, Cheyenne, Wyo.; to the Committee on Finance.

AMENDMENT TO RIVER AND HARBOR BILL

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

SOCIAL SECURITY—AMENDMENTS

Mr. McNARY submitted an amendment and Mr. DICKINSON submitted two amendments intended to be proposed by them, respectively, to the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment-compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes, which were severally referred to the Committee on Finance and ordered to be printed.

AMENDMENT TO FARMERS' HOME CORPORATION BILL

Mr. BORAH. I desire to offer an amendment to Senate bill 2367 and ask that the amendment be printed, printed

in the RECORD, and referred to the Committee on Agriculture and Forestry. In connection with the amendment, I also ask to have printed in the RECORD a statement signed by Mr. George Foster Peabody, chairman of the farm tenancy committee.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment intended to be proposed by Mr. BORAH to the bill (S. 2367) to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes, was referred to the Committee on Agriculture and Forestry, ordered to be printed, and to be printed in the RECORD, as follows:

At the proper place in the bill, to insert the following:

"SEC. —. (a) There is hereby created a Farmers' Home Advisory Council, which shall consist of eight members to be appointed by the President, by and with the advice and consent of the Senate. All members of the council shall serve without compensation, but shall be entitled to reimbursement from the Board for traveling expenses incurred in attendance at meetings of the council. The council shall meet at Washington, D. C., at least ——— times each year, and oftener if requested by the Board. The council may, in addition to the meetings above provided for, hold such other meetings in Washington, D. C., or elsewhere, as it may deem necessary. The council may select its chairman and vice chairman, appoint and fix the compensation of a secretary, and adopt methods of procedure, and shall have power—

"(1) To confer with the Board on general business conditions and on special conditions affecting the operations of the Corporation.

"(2) To request information and to make recommendations with respect to matters within the jurisdiction of the Board.

"(b) The Board shall not undertake any general project under this act nor adopt any policy of land acquisition, improvement, or disposition, or any other policy materially affecting the extent of the operations of the Corporation, without first having obtained the aproval of the Council.

"(c) The Board shall pay the necessary expenses of the Council."

The accompanying statement presented by Mr. BORAH was referred to the Committee on Agriculture and Forestry, as follows:

STATEMENT ON THE BANKHEAD-JONES FARM TENANCY BILL BY THE NATIONAL COMMITTEE ON SMALL-FARM OWNERSHIP

No greater problem confronts our rural community than the persistent growth of farm tenancy. Nearly one-half of all our farmers are now tilling land owned by others, and if the present tendency toward converting the independent farmer into a dependent and propertyless tenant continues, then we must abandon hope of achieving a stable and progressive rural civilization. No satisfactory rural community can be either developed or maintained on a tenancy basis. In eight of our States farm tenants represent more than 60 percent of all farm operators. Nor is the problem a sectional one. Ten of the Wheat and Corn Belt States show from one-third to one-half of the farms operated by tenants, and even in such Western States as Montana and Idaho one-fourth of the farm operators are tenants. Nor is the problem a racial one. There are three times as many white as Negro tenants in the United States, and even in the South there are twice as many white as colored farm tenants.

In view of all these facts we consider the proposed bill for the gradual conversion of the tenant into a landowner as one of the most important and constructive pieces of legislation ever voted upon by the Congress of the United States, and the National Committee on Small-Farm Ownership takes this formal occasion to commend Senator BANKHEAD and Congressman JONES for bringing the problem of farm tenancy in the United States before the American Congress, and expresses the hope that the bill which is now before the Senate will be adopted. If passed, it will make possible the growth of a secure and prosperous rural community that owns the land it tills and that can develop to the fullest its share of the great American heritage.

Adopted at a conference of the Committee held in Washington, April 19, 1935.

The National Committee on Small-Farm Ownership: George Foster Peabody, chairman; Dr. Will W. Alexander, director, Commission on Interracial Cooperation; Rev. W. Howard Bishop, past president National Catholic Rural Life Conference; Dr. Edwin R. Embree, president Julius Rosenwald Fund; Dr. Ivan Lee Holt, Federal Council of the Churches of Christ in America; William Green, American Federation of Labor; Dr. Charles S. Johnson, director, Department of Social Science, Fisk University; F. E. Murphy, the Tribune, Minneapolis, Minn.; Dr. Howard Odum, the University of North Carolina; Charlton Ogburn, counsel, American Federation of Labor; Prof. Frank O'Hara, Catholic University; Dr. Clarence Poe, editor, the Progressive Farmer, Raleigh, N. C.; B. Kirk Rankin, editor, Southern agriculturalist, Nashville, Tenn.; Rev. Edgar Schmiedeler, director, Rural Life Bureau, National Catholic Welfare Conference; M. W. Thatcher, the Farmers Educational and Cooperative Union of America; Cal Ward, the Farmers Educational and Cooperative Union of America; Benjamin Hubert, president Georgia State College, Savannah; Donald Comer, Avondale Mills, Birmingham, Ala.; Clark Howell, editor, The Atlanta Constitution; Frank O. Lowden, of Illinois; John B. Miller, president Farmers Cooperative Council; Maj. Robert Russa Moton, Tuskegee Institute, Alabama; Rt. Rev. John A. Ryan, National Catholic Welfare Conference; Edgar B. Stern, New Orleans, La.; Louis J. Taber, president the National Grange; Gen. Robert E. Wood, president Sears Roebuck, Chicago, Ill.; J. F. Jackson, general agricultural agent, Central of Georgia Railway; and Hugh McRae, president Southeastern Council.

EXTENSION OF NATIONAL INDUSTRIAL RECOVERY ACT

Mr. KING. I send to the clerk's desk an amendment in the nature of a substitute for the pending N. R. A. measure, being Senate bill No. 2445, which is now before the Finance Committee. I ask that the amendment submitted by me be referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, the amendment will be received, referred as indicated by the Senator from Utah, and printed.

Mr. KING. Mr. President, the amendment which I have submitted as a substitute for the Harrison bill is designed to supplement existing laws against monopolies, restraints of trade, and price discrimination. In effect, it is a supplement to the Federal Trade Commission Act, following out and extending the present policy of the Commission in dealing with unfair competition through trade-practice conferences. The amendment, if adopted, will permit the Federal Trade Commission to invite the members of trades or industries or subdivisions thereof to a trade-practice conference for consideration and submission to the Commission of agreements initiated and voluntarily entered into by such members. These agreements must be in strict compliance with the policy declared in the proposed substitute to preserve the antitrust laws in full vigor. The proposed amendment does, however, specify that the agreements shall provide rules of business conduct for the accomplishment of certain purposes, all designed to encourage full and fair competition. After the conference, if the Commission finds that the agreements are salutary and will not lessen competition, restrain trade, or tend to create a monopoly, it shall so advise the industry. If, however, the Commission makes a contrary finding, the industry is so advised, a hearing is held, and if thereafter the opinion of the Commission remains unchanged it shall issue an order to cease and desist from carrying out the agreements.

Procedure will, of course, be the same as provided in existing law for issuance of orders under the Federal Trade Commission Act. In other words, review and enforcement of orders is had in the United States circuit court of appeals, subject to appeal to the Supreme Court in proper cases.

The second part of the proposal is to declare certain practices unfair methods of competition within the meaning of the Federal Trade Commission Act, as amended. These are in substance the so-called "labor provisions" of the National Industrial Recovery Act and the Harrison bill, except that administration is lodged with the Federal Trade Commission. Authority is given for the Federal Trade Commission to provide minimum wages and maximum hours for any trade or industry or subdivision thereof engaged in commerce. These standards must be fair and reasonable and calculated to promote or maintain fair competition. Here, too, the Commission is authorized to proceed as at present under the Federal Trade Commission Act, as amended.

It is conceivable that the Federal Trade Commission may at this time possess in some measure the authority specified in the proposal. If so, it will be highly advantageous to encourage the Commission to take such jurisdiction; and, as a safeguard, it is provided that the measure shall not be construed to limit the jurisdiction of the Commission under existing law. Accordingly, even upon the expiration of the act, which I have fixed at 1 year, the Commission will continue to retain unimpaired any jurisdiction it may now have and which may be covered by the proposed substitute.

INVESTIGATION RELATIVE TO NATURAL GAS

Mr. COUZENS. Mr. President, on March 16 last I submitted a resolution, which is designated as "Senate Resolution 108", which was referred to the Committee on Interstate Commerce. We have consulted with the Federal Trade Commission, and I ask leave to have printed in the RECORD a letter from the Federal Trade Commission dated April 6, 1935, as a reason for not prosecuting the consideration of the resolution.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 6, 1935.

Hon. BURTON K. WHEELER,
Chairman Senate Committee on Interstate Commerce,
United States Senate, Washington, D. C.

Senate Resolution 108

MY DEAR SENATOR: This is in acknowledgment and reply to your letter of April 3.

Referring to Senate Resolution 108, directing an investigation by your committee into certain matters therein specified relative to the production, distribution, and sale of natural gas, you say:

"I would appreciate it if this committee could have your comment on this proposed legislation and any material which would be helpful to the committee."

Pursuant to the Senate's direction, given in Senate Resolution 83, Seventieth Congress, first session, as extended through the current year by Senate Joint Resolution 115, Seventy-third Congress, second session, the Federal Trade Commission is already well on its way in its investigation into the natural-gas industry, including natural-gas production and natural-gas pipe lines, and retail distribution of natural gas. Under the extension directed by Congress to the end of the present calendar year, the Commission has directed its utilities staffs, both economic and legal, to devote practically all of their time to the natural-gas and natural-gas pipe-line industries. Engineering surveys are also being made of the physical properties devoted to the natural-gas business including problems of conservation, production, transportation, and operations.

Under separate cover I am sending you a copy of Federal Trade Commission Report, part 68 (Senate print), which contains a report on the general gas situation in the United States (ex. 6068). This is printed beginning at page 819. Colonel Chantland's statement as to the situation and Mr. Carter's testimony begin at page 174. This covers substantially the first part of point 9 of the resolution.

Already examinations have been made and reports sent to the Senate on corporations in the natural-gas and pipe-line industry, including some on the examination of physical properties, as follows: Columbia Gas & Electric Corporation (Morgan) (Senate print, pts. 47, 49, 52, 64, 68); and on its subsidiaries, Manufacturers Light & Heat Co., Columbia Gas Construction Co., Union Gas & Electric Co., Ohio Fuel Corporation, Columbia Securities Corporation (Senate print, pt. 47), United Fuel Gas Co., Huntington Gas Co., Cincinnati Gas Transportation Co., American Fuel & Power Co. (Senate print, pts. 49, 52), Southwestern Gas & Electric Co. (former Dawes interests, Senate print, pt. 68).

The following companies of Cities Service Corporation (Doherty interests): Cities Service Gas Co., Cities Service Gas Pipe Line Co., Gas Service Co., Kansas City Gas Co. (Senate print, pts. 67, 70).

There has also been a report presented on the Natural Gas Pipe Line of America (Senate print, pt. 62). This company owns a pipe line from the Texas Panhandle to Chicago and is jointly owned by the Cities Service Co., Natural Gas Investment Co. (Insull), Standard Oil Co. of New Jersey, Southwestern Development Co., the Texas Co., and Columbian Carbon Co.

In addition to the above, examinations have been completed and reports are nearing completion on the American Natural Gas Corporation and Southern Natural Gas Corporation.

Examinations are in progress on the following natural-gas and natural-gas pipe line companies: Missouri-Kansas Pipe Line Co., United Gas Corporation, Lone Star Gas Corporation, Lone Star Gas Co., Northern Natural Gas Co., Kansas Pipe Line & Gas Co., Washington Gas Light Co.

In all of these examinations and reports attention is given to substantially all of the points covered in the resolution. It is for the Senate to say whether a task, already assigned to this Commission by the Senate and well in progress, need also be done by a committee of the Senate with the considerable duplication that would seem inevitable.

Very truly yours,

EDWIN L. DAVIS, *Chairman.*

ISSUANCE OF UNITED STATES NOTES

Mr. VANDENBERG. Mr. President, there has been considerable interest and discussion respecting the use of United States notes during the Civil War period. I asked the Secretary of the Treasury for an official report respecting their current value at the time. His responsive letter is exceedingly illuminating, and I ask that it may be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington.

Hon. A. H. VANDENBERG,
United States Senate.

MY DEAR SENATOR: For the Secretary of the Treasury, receipt is acknowledged of your letter of April 25, requesting statistics and related information on the depreciation of United States notes ("greenbacks") during the Civil War period.

The following table shows the average gold value of United States notes each calendar year during the suspension of specie payments, January 1, 1862, to January 1, 1879:

1862	88.3
1863	68.9
1864	49.2
1865	63.6
1866	71.0
1867	72.4
1868	71.6
1869	75.2
1870	87.0
1871	89.5
1872	89.0
1873	87.9
1874	89.9
1875	87.0
1876	89.8
1877	95.4
1878	99.2

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Very truly yours,

HERBERT E. GASTON,
Assistant to the Secretary.

ADDRESS BY THE PRESIDENT OF THE UNITED STATES

Mr. ROBINSON. Mr. President, I ask unanimous consent that the radio address delivered by the President of the United States on last evening, April 28, 1935, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Since my annual message to the Congress on January 4, last, I have not addressed the general public over the air. In the many weeks since that time the Congress has devoted itself to the arduous task of formulating legislation necessary to the country's welfare. It has made and is making distinct progress.

Before I come to any of the specific measures, however, I want to leave in your minds one clear fact. The administration and the Congress are not proceeding in any haphazard fashion in this task of government. Each of our steps has a definite relationship to every other step. The job of creating a program for the Nation's welfare is, in some respects, like the building of a ship. At different points on the coast where I often visit they build great seagoing ships. When one of these ships is under construction and the steel frames have been set in the keel, it is difficult for a person who does not know ships to tell how it will finally look when it is sailing the high seas.

It may seem confused to some, but out of the multitude of detailed parts that go into the making of the structure the creation of a useful instrument for man ultimately comes. It is that way with the making of a national policy. The objective of the Nation has greatly changed in 3 years. Before that time individual self-interest and group selfishness were paramount in public thinking. The general good was at a discount.

Three years of hard thinking have changed the picture. More and more people, because of clearer thinking and a better understanding, are considering the whole rather than a mere part relating to one section or to one crop, or to one industry, or to an individual private occupation. That is a tremendous gain for the principles of democracy. The overwhelming majority of people in this country know how to sift the wheat from the chaff in what they hear and what they read. They know that the process of the constructive rebuilding of America cannot be done in a day or a year, but that it is being done in spite of the few who seek to confuse them and to profit by their confusion. Americans as a whole are feeling a lot better—a lot more cheerful than for many, many years.

The most difficult place in the world to get a clear and open perspective of the country as a whole is Washington. I am reminded sometimes of what President Wilson once said: "So many people come to Washington who know things that are not so, and so few people who know anything about what the people of the United States are thinking about." That is why I occasionally leave this scene of action for a few days to go fishing or back home to Hyde Park so that I can have a chance to think quietly about the country as a whole. "To get away from the trees," as they say, "and to look at the whole forest." This duty of seeing the country in a long-range perspective is one which, in a very special manner, attaches to this office to which you have chosen me. Did you ever stop to think that there are, after all, only two positions in the Nation that are filled by the vote of all

of the voters—the President and the Vice President? That makes it particularly necessary for the Vice President and for me to conceive of our duty toward the entire country. I speak, therefore, tonight to and of the American people as a whole.

My most immediate concern is in carrying out the purposes of the great work program just enacted by the Congress. Its first objective is to put men and women now on relief rolls to work and, incidentally, to assist materially in our already unmistakable march toward recovery. I shall not confuse my discussion by a multitude of figures. So many figures are quoted to prove so many things. Sometimes it depends upon what paper you read and what broadcast you hear. Therefore let us keep our minds on two or three simple essential facts in connection with this problem of unemployment. It is true that while business and industry are definitely better our relief rolls are still too large. However, for the first time in 5 years the relief rolls have declined instead of increased during the winter months. They are still declining. The simple fact is that many million more people have private work today than 2 years ago today or 1 year ago today, and every day that passes offers more chances to work for those who want to work. In spite of the fact that unemployment remains a serious problem here, as in every other nation, we have come to recognize the possibility and the necessity of certain helpful remedial measures. These measures are of two kinds. The first is to make provisions intended to relieve, to minimize, and to prevent future unemployment; the second is to establish the practical means to help those who are unemployed in this present emergency. Our social-security legislation is an attempt to answer the first of these questions. Our work-relief program the second.

The program for social security now pending before the Congress is a necessary part of the future unemployment policy of the Government. While our present and projected expenditures for work relief are wholly within the reasonable limits of our national credit resources, it is obvious that we cannot continue to create governmental deficits for that purpose year after year. We must begin now to make provision for the future. That is why our social-security program is an important part of the complete picture. It proposes, by means of old-age pensions, to help those who have reached the age of retirement to give up their jobs and thus give to the younger generation greater opportunities for work and to give to all a feeling of security as they look toward old age.

The unemployment-insurance part of the legislation will not only help to guard the individual in future periods of lay-off against dependence upon relief, but it will, by sustaining purchasing power, cushion the shock of economic distress. Another helpful feature of unemployment insurance is the incentive it will give to employers to plan more carefully in order that unemployment may be prevented by the stabilizing of employment itself.

Provisions of social security, however, are protections for the future. Our responsibility for the immediate necessities of the unemployed has been met by the Congress through the most comprehensive work plan in the history of the Nation. Our problem is to put to work three and one-half million employable persons now on the relief rolls. It is a problem quite as much for private industry as for the Government.

We are losing no time getting the Government's vast work-relief program under way and we have every reason to believe that it should be in full swing by autumn. In directing it, I shall recognize six fundamental principles:

(1) The projects should be useful.

(2) Projects shall be of a nature that a considerable proportion of the money spent will go into wages for labor.

(3) Projects which promise ultimate return to the Federal Treasury of a considerable proportion of the costs will be sought.

(4) Funds allotted for each project should be actually and promptly spent and not held over until later years.

(5) In all cases projects must be of a character to give employment to those on the relief rolls.

(6) Projects will be allocated to localities or relief areas in relation to the number of workers on relief rolls in those areas.

I next want to make it clear exactly how we shall direct the work:

(1) I have set up a Division of Applications and Information, to which all proposals for the expenditure of money must go for preliminary study and consideration.

(2) After the Division of Applications and Information has sifted these projects, they will be sent to an Allotment Division composed of representatives of the more important governmental agencies charged with carrying on work-relief projects. The group will also include representatives of cities and of labor, farming, banking, and industry. This Allotment Division will consider all of the recommendations submitted to it, and such projects as they approve will be next submitted to the President, who under the act is required to make final allocations.

(3) The next step will be to notify the proper Government agency in whose field the project falls, and also to notify another agency which I am creating—a Progress Division. This Division will have the duty of coordinating the purchase of materials and supplies and of making certain that people who are employed will be taken from the relief rolls. It will also have the responsibility of determining work payments in various localities, of making full use of existing employment services, and to assist people engaged in relief work to move as rapidly as possible back into private employment when such employment is available. Moreover, this Division will be charged with keeping projects moving on schedule.

(4) I have felt it to be essentially wise and prudent to avoid, so far as possible, the creation of new governmental machinery for supervising this work. The National Government now has at least 60 different agencies with the staff and the experience and the competence necessary to carry on the 250 or 300 kinds of work that will be undertaken. These agencies, therefore, will simply be doing on a somewhat enlarged scale the same sort of things that they have been doing. This will make certain that the largest possible portion of the funds allotted will be spent for actually creating new work and not for building up expensive overhead organizations here in Washington.

For many months preparations have been under way. The allotment of funds for desirable projects has already begun. The key men for the major responsibilities of this great task already have been selected. I well realize that the country is expecting before this year is out to see the "dirt fly", as they say, in carrying on the work, and I assure my fellow citizens that no energy will be spared in using these funds effectively to make a major attack upon the problem of unemployment.

Our responsibility is to all of the people in this country. This is a great national crusade to destroy enforced idleness which is an enemy of the human spirit generated by this depression. Our attack upon these enemies must be without stint and without discrimination. No sectional, no political distinctions, can be permitted. It must, however, be recognized that when an enterprise of this character is extended over more than 3,000 counties throughout the Nation there may be occasional instances of inefficiency, bad management, or misuse of funds. When cases of this kind occur there will be those, of course, who will try to tell you that the exceptional failure is characteristic of the entire endeavor. It should be remembered that in every big job there are some imperfections. There are chiselers in every walk of life; there are those in every industry who are guilty of unfair practices, every profession has its black sheep; but long experience in government has taught me that the exceptional instances of wrongdoing in government are probably less numerous than in almost every other line of endeavor. The most effective means of preventing such evils in this work-relief program will be the eternal vigilance of the American people themselves. I call upon my fellow citizens everywhere to cooperate with me in making this the most efficient and the cleanest example of public enterprise the world has ever seen. It is time to provide a smashing answer for those cynical who say that a democracy cannot be honest and efficient. If you will help, this can be done. I therefore hope you will watch the work in every corner of this Nation. Feel free to criticize. Tell me of instances where work can be done better or where improper practices prevail. Neither you nor I want criticism conceived in a purely fault-finding or partisan spirit, but I am jealous of the right of every citizen to call to the attention of his or her Government examples of how the public money can be more effectively spent for the benefit of the American people.

I now come, my friends, to a part of the remaining business before the Congress. It has under consideration many measures which provide for the rounding out of the program of economic and social reconstruction with which we have been concerned for 2 years. I can mention only a few of them tonight, but I do not want my mention of specific measures to be interpreted as lack of interest in or disapproval of many other important proposals that are pending.

The National Industrial Recovery Act expires on the 16th of June. After careful consideration, I have asked the Congress to extend the life of this useful agency of government. As we have proceeded with the administration of this act, we have found from time to time more and more useful ways of promoting its purposes. No reasonable person wants to abandon our present gains; we must continue to protect children, to enforce minimum wages, to prevent excessive hours, to safeguard, define, and enforce collective bargaining, and, while retaining fair competition, to eliminate, so far as humanly possible, the kinds of unfair practices by selfish minorities which unfortunately did more than anything else to bring about the recent collapse of industries.

There is likewise pending before the Congress legislation to provide for the elimination of unnecessary holding companies in the public-utility field.

I consider this legislation a positive recovery measure. Power production in this country is virtually back to the 1929 peak. The operating companies in the gas and electric utility field are by and large in good condition. But under holding-company domination the utility industry has long been hopelessly at war within itself and with public sentiment. By far the greater part of the general decline in utility securities had occurred before I was inaugurated. The absentee management of unnecessary holding-company control has lost touch with and has lost the sympathy of the communities it pretends to serve. Even more significantly it has given the country as a whole an uneasy apprehension of overconcentrated economic power.

A business that loses the confidence of its customers and the goodwill of the public cannot long continue to be a good risk for the investor. This legislation will serve the investor by ending the conditions which have caused that lack of confidence and good will. It will put the public-utility operating industry on a sound basis for the future, both in its public relations and in its internal relations.

This legislation will not only in the long run result in providing lower electric and gas rates to the consumer, but it will protect the actual value and earning power of properties now

owned by thousands of investors who have little protection under the old laws against what used to be called frenzied finance. It will not destroy values.

Not only business recovery, but the general economic recovery of the Nation will be greatly stimulated by the enactment of legislation designed to improve the status of our transportation agencies. There is need for legislation providing for the regulation of interstate transportation by busses and trucks, to regulate transportation by water, new provisions for strengthening our merchant marine and air transport, measures for the strengthening of the Interstate Commerce Commission to enable it to carry out a rounded conception of the national transportation system in which the benefits of private ownership are retained, while the public stake in these important services is protected by the public's Government.

Finally, the reestablishment of public confidence in the banks of the Nation is one of the most hopeful results of our efforts as a Nation to reestablish public confidence in private banking. We all know that private banking actually exists by virtue of the permission of and regulation by the people as a whole, speaking through their Government. Wise public policy, however, requires not only that banking be safe but that its resources be most fully utilized in the economic life of the country. To this end it was decided more than 20 years ago that the Government should assume the responsibility of providing a means by which the credit of the Nation might be controlled, not by a few private banking institutions but by a body with public prestige and authority. The answer to this demand was the Federal Reserve System. Twenty years of experience with this System have justified the efforts made to create it, but these 20 years have shown by experience definite possibilities for improvement. Certain proposals made to amend the Federal Reserve Act deserve prompt and favorable action by the Congress. They are a minimum of wise readjustment of our Federal Reserve System in the light of past experience and present needs.

These measures I have mentioned are, in large part, the program which under my constitutional duty I have recommended to the Congress. They are essential factors in a rounded program for national recovery. They contemplate the enrichment of our national life by a sound and rational ordering of its various elements and wise provisions for the protection of the weak against the strong. Never since my inauguration in March 1933 have I felt so unmistakably the atmosphere of recovery. But it is more than the recovery of the material basis of our individual lives. It is the recovery of confidence in our democratic processes and institutions. We have survived all of the arduous burdens and the threatening dangers of a great economic calamity. We have in the darkest moments of our national trials retained our faith in our own ability to master our destiny. Fear is vanishing and confidence is growing on every side, renewed faith in the vast possibilities of human beings to improve their material and spiritual status through the instrumentality of the democratic form of government. That faith is receiving its just reward. For that we can be thankful to the God who watches over America.

ADDRESS BY POSTMASTER GENERAL FARLEY

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD the radio address delivered in New York on Saturday night, April 27, 1935, by the Postmaster General, Hon. James A. Farley, chairman of the Democratic National Committee, at the banquet in celebration of the one hundred and ninety-second birthday of Thomas Jefferson.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

At the outset of my remarks this evening I want to take this opportunity of expressing to the committee having this affair in charge most sincere and heartfelt thanks for the courtesy which they have extended to me in permitting me to address this very delightful gathering. It makes me particularly happy because of the fact that I have been a member of this club for many, many years and have been one of its vice presidents for several years.

Let me begin my message to you with congratulating New York on having a Democratic Governor at this time. I mean a real Democratic Governor—not one who merely wears the party emblem while he devotes himself to self-advertisement and announces himself as the evangel of some wild-eyed scheme to make everybody rich.

I don't mean to tell you that Governor Lehman is the only competent State executive in the Union. Such times as we have been going through tend to bring to the surface extreme fanatics and opportunists. In this respect the Empire State has reason to felicitate itself.

But I didn't come here to discuss State politics or State officials, interesting and important though they are. I do want to talk to you about the national political situation, the record that the Democratic administration has made, and the necessity for the continuation of the great work that was begun so dramatically on March 4, 1933, and that has progressed so amazingly that every business index shows industrial progress and well-being.

In fact, business has become so healthy that a lot of people have forgotten the period when they begged the Government to find some sort of life raft on which they could keep afloat, and when, incidentally, they proclaimed that Franklin D. Roosevelt had effected the salvation of our economic system. Now some of these same people are criticizing the President because he is adhering to the course he laid out in his inaugural address.

They have been made secure and they object to his going on to effect security for others.

Did you ever know an executive of definite views whose policies were not criticized, whether he was the President of the United States or the engineer of the train on which you travel? I don't think I ever made a journey where some of my fellow passengers were not complaining that we were going too fast or too slow or who failed to blame the man in the engine cab for the bumps consequent on the roughness of the road—complaints that even those who uttered them forgot when we had safely reached our destination. It is the same way with our political government. From Washington down, our greatest Presidents functioned under a barrage of complaint frequently reaching the point of defamation, and yet history records their administrations as conspicuous successes and we rear in grateful memory monuments to those who in their terms were called aristocrats or anarchists, despots or defectives. I don't recall seeing any monuments to those who threw the bricks, though they made a lot of noise in their day.

It's a curious thing that so many people think they can run this Government of ours better than the people they elected to do the job. It is perhaps even more curious that the most vociferous of these are the very men who made a hash of their own affairs—the Republican politicians who permitted our country to drift into the depression mess without sensing that it was imminent, and who for 3 years after the initial crash stood by, bewildered and planless, while things went from bad to worse, and did nothing about it. These men, who had had complete control of the Government for a dozen years, and those others who, after piling up great fortunes, had not the wit or wisdom to hold onto them, are the people who are now the most clamorous in opposition to the Roosevelt administration. These are the people who ask you to believe that they know more about putting out a vast conflagration than the officials who have been fighting the fire and have reduced it to the smoldering stage.

The one great disastrous defect of the emergency program is that it came 3 years too late. Had it been undertaken in 1929 instead of 1933 and been carried through with the vigor that has characterized the efforts of the present administration, we would not now be worrying about the dole and $5,000,000,000 relief funds.

Now, I am going to let you into an administration secret. Who is the man more distressed about the length of the unemployment roll, the size of the dole account, and the vastness of the relief measure—more concerned than the reactionary organizations or big business or the political quacks with their mad schemes for distributing the wealth of the country? I'll tell you. It is the man who has to meet the problems and shoulder the responsibility. Franklin D. Roosevelt has the job, and, unlike some of his predecessors, has no disposition to shirk it. Yes; I have in mind the same man you have—the gentleman who recently issued a message to the Republicans full of platitudes about the evils of bureaucracy and the necessity of a return to normal processes, but gave no word as to how he would handle the job if he had another shot at it.

I might refer here likewise to Senator DICKINSON, of Iowa, who apparently has the notion that he may be the Republican white hope in 1936. He explained the other day to a Virginia audience that it was an easy matter to devise a plan that would raise us out of the depression, but was no more informative about what plan he would suggest than was the ex-President. I think I have some standing as a political prognosticator, and in my opinion the Senator from Iowa had better look after his present post rather than to the sterile distinction of being the Republican candidate for President in 1936, for I miss my guess if Mr. DICKINSON does not join the melancholy order of ex-Senators after November next year. He is a hang-over of the period of Smoot and Arthur Robinson, Fess, and Moses, and belongs in the historical museum with them, and every word the National Committee gets from Iowa confirms me in my belief that he will find his appropriate niche in the group.

Then there is that other Republican statesman, the Honorable Ogden Mills, worthy successor to Andrew Mellon as Secretary of the Treasury in the last administration. He, too, is shocked and grieved at President Roosevelt's activity. He is full of forebodings lest the vast program to substitute work for doles shall plunge the country into a ghastly crisis. I admit that Ogden Mills should be an authority of economic catastrophes. He was a conspicuous part of the administration that led us into the worst depression in our history. That administration let us tumble into that abyss without a word of warning and did not do a thing toward helping us out of the black hole. However, New York may be trusted to take care of Mr. Mills if he ever comes to the political surface again—just as it did on other occasions.

Likewise, among the self-appointed guardians of the Constitution, who are viewing with alarm the national strides toward recovery, is one more statesman, Colonel Roosevelt, better known perhaps as "Teddy the Little", President of the New York National Republican Club. Now I don't venture to assert that he is another Republican "white hope" for 1936, but stranger things have happened. I remember, for example, a gubernatorial election in this State. In that election the important figures in the New York G. O. P. fled from the nomination as from a pestilence, so they let "Fifth Cousin Teddy" hold the bag. In short, his party is so enthusiastic for him that it is willing to nominate him for anything where defeat is a foregone conclusion, and on that basis the principle might be extended to the national field.

In accepting the presidency of the New York Republican Club, the G. O. P.'s burnt offering told with considerable passion what he thought of the new deal. He did not refer to one con-

spicuous act of the Democratic administration—the repeal of the eighteenth amendment. In this connection we might hark back to another of the colonel's speeches of acceptance—that in which he took the futile gubernatorial nomination. The man who won that election was Alfred E. Smith. There was no question where he stood on prohibition. But little Teddy, with his usual political acumen, took the other side. Said he, "I shall do all in my power to secure the enactment of proper statutes to assist our peace officers in the enforcement of this act of Congress."

Senator Calder, himself one of the early Republican casualties, mournfully announced that Colonel Roosevelt's stand against modification was the main cause of his defeat.

For a time those who would seek prosperity by a return to the system that brought us to the verge of national bankruptcy proclaimed that under the new deal we had made no progress at all. Swept from this anchorage by the flood of statistics of gains all along the line, they proclaimed that we would have worked out of the slump without any Government intervention. Let us look into that absurd contention for a moment. Cast your mind back to March 1933—with banks toppling like tenpins and the whole country in a panic. Franklin D. Roosevelt stopped that on his first day in the White House by closing all the banks until the solvent could be segregated from the insolvent. After he got the banks to functioning in orderly fashion, we had no more of bank runs and bank failures. Will anybody contend that the measure of recovery we have attained would have come if the President had not had the wisdom and the courage to take that drastic step?

To listen to the critics of the administration one might suppose that the President of the United States wanted the $4,800,000,000 relief fund to gratify some whim or hobby of his own. He would be a queer sort of individual if he set about incurring all the grief, worry, and work of administering that fund unless he felt—in fact, unless he knew—that all the anxiety and labor coincident with it was necessary and a great step toward completing the job he undertook to get this country out of the depression; and, what is of no less importance, to keep it on the plateau once we have climbed the long hill. He might have, for example, asked for this money by installments. He might have been willing to leave its distribution in the hands of Congress. But, let me ask you, Do you think that either of these alternative processes would have accomplished what he is trying to accomplish? The installment system would have involved indefinite delay in the fulfillment of the hope of getting all the unemployed capable of employment into jobs. Leaving it to Congress to say where and when and how the money should be spent would have retarded the program. No one knows better than I the problems of a Congressman and a Senator, and it would be unfair to them and their constituents to place upon their shoulders the responsibility of promptly allocating the funds to be distributed under the work-relief measure.

In the administration of the work-relief program, reaching as it will to every city, town, and hamlet in the broad expanse of our entire country, the American people I know will place their trust in the wisdom of President Roosevelt. He will administer the program impartially; he will administer it sympathetically; he will administer it with a solemn realization of what its accomplishment will mean towards return of normal economic life to the citizens of the country.

The work-relief legislation is the knockout blow to the depression. Administered properly it will give the impetus to business and industry that will help economic recovery onward on the upward road that it has been following since President Roosevelt undertook to bring a sane program for recovery into the industrial and financial chaos of 1932 and early 1933.

I rest content that the American people will give this latest recovery measure their undivided support and cooperation, so that the legislation may justify the faith that the administration and the leaders repose in it.

Some people fail to realize how far we have traveled on the way to recovery. The critics of the administration ignore the figures and seek to convey that our plight is as desperate as it was when we were in the depression's deepest hole. They point to the number of people on relief rolls, as if that were the only index to the real state of the country. Whereas, for various reasons, to some of which I have referred, it is not in any way an accurate index.

I am not overfond of statistics, but I think you will agree with me that the one unfailing yardstick for how the country is getting along is the income-tax collections. Last month's collections, for example, were $90,000,000 more than those of March 1933, and nearly double those of March 1932. We have figures for the first 9 months of the current fiscal year and we find an increase of more than $200,000,000 over the corresponding period last year. As the taxes paid represent roughly 5 percent on the incomes, these figures would show that despite the lamentations and croakings of those who are looking for faults and flaws, the income-tax paying people of this country netted about $4,000,000,000 more than they did during the same time of the previous year. Now take what the statisticians describe as the national income, which means the net value of the goods and services produced or rendered. According to the National Industrial Conference Board's annual estimate, which was just issued, we were $6,000,000,000 richer in 1934 than we were in 1933.

It does not matter where you tap the record, whether in bank deposits, or farm products, or corporation gains, or pay rolls, you get the same picture of a rising economic barometer. The last report of the Department of Commerce showed that in February industrial pay rolls were $11,000,000 more per week than in January. According to the reports from 27 automobile-manufacturing plants the last week in March showed an all-time high mark in production, and the General Motors Corporation announces that it sold more cars last month than during any March since 1929.

These figures mean something and what they mean to the business world is told by Dun & Bradstreet's Weekly Survey just issued. There is nothing political, nothing pollyanna about that cold-nosed document, which says: "Evidences are multiplying that before the conclusion of the current quarter business progress will have developed to a degree beyond the most sanguine estimates offered at the beginning of the year. Sentiment has shown a complete transformation."

"But", the critics groan, "look at all the money the Government is handing out." Well, let's look at that. We find that about 2,000 farmers repaid their loans in full during February. We find that 83 percent of all the farmers who were granted loans through the land banks have met their interest payments. The Reconstruction Finance Corporation is taking in money faster than it is paying it out, and in a review of its balance sheet issued on the last day of March, this central financial agency of the Government reports that 53 percent of all the money it has loaned has been repaid. Well, you have only to look at the market reports in the newspapers to see that all the Government bonds are above par and the Treasury points out that despite the increase in the public debt the Government is paying less interest on that indebtedness than it did a year ago, and I don't think any other nation in the world is able to make as solid a showing.

So you see we are getting along pretty well; and, in the face of these figures, you can put your own estimate on the value of the reports so industrially being circulated by the political foes of the administration that the President is no longer a popular idol. These statements represent a hope of those who would like to see the Government given back to the control of the same group that ran the ship of state on the depression rock 3 years ago, and did absolutely nothing toward getting us afloat while they remained in power. They talked the same way before the congressional election of 1934, and the people's answer was the highest tribute they have paid an administration in our country's history. If there were an election tomorrow you would see no change in the expression of sentiment from that of last November. Franklin D. Roosevelt has done and is doing a great job, and however particular groups may criticize the measures that they think are hampering their individual forays, the people of the country realize what the prosperity figures mean. In addition to that group of critics there are, of course, the outfits that always attempt to create and capitalize unrest—the quacks of politics and economics who talk about the redistribution of wealth and seek to allure the American people into adopting policies which they promise would make everybody rich. The lure of these doctrines naturally appeals to the fellow out of a job on the hypothesis that any change could not make him worse off. We have experienced these agitations before and we have seen them flourish and bloom, but inevitably the hard, common sense of the American people has prevailed. We will find that as pay rolls increase and as business men return to the normal processes of their craft and are willing to take the same chances that brought them success before the crash frightened them, the prophets of Utopia will be forgotten.

Of course, the President's task in bringing order out of chaos and contentment out of misery is not being made any easier by the constant efforts of this or that group to persuade the people that conditions are desperate and that we are headed toward final destruction. The greatest element in restoring prosperity is the creation of confidence. Everything that tends to the destruction of confidence delays recovery. Some men, because of personal ambition, political expediency, or a desire to help themselves regardless of how they harm the country, are trying to break down the faith of the people in President Roosevelt. They think that they or their political organizations might profit. But even there they are wrong. In the first place, the country will never deliberately precipitate itself either into chaos or into the arms of the old exploiting, reactionary group. In the second place, the President's hold on the country is too close to be threatened, must less destroyed.

The people have faith in him as he has faith in them. It has been so since the dawn of his administration. It took only a word from him in March 1933 to still whatever there was of anxiety over the total bank holiday. He said then, as he says now, "Let us unite in banishing fear. We have provided the machinery of restoration; it is up to you to support it and make it work. It is your problem no less than it is mine. Together we cannot fail."

RAILROAD REORGANIZATION—STATEMENT ON BEHALF OF INDEPENDENT BONDHOLDERS' COMMITTEE

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement submitted by Prof. Charles A. Beard on behalf of the independent bondholders' committee in connection with railroad reorganization.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SUPPLEMENTAL STATEMENT SUBMITTED BY CHARLES A. BEARD ON BEHALF OF INDEPENDENT BONDHOLDERS COMMITTEE TO UNITED STATES SENATE COMMITTEE ON INTERSTATE COMMERCE

On March 26, 1935, the Honorable Charles D. Mahaffie, a member of the Interstate Commerce Commission, was questioned by

the Committee on Interstate Commerce of the United States Senate. He was asked specifically about the railroad reorganization law which was passed by Congress on March 3, 1933. The following is a quotation from the record before the Senate committee:

"The CHAIRMAN. And you think it important that section 77 should be revised or amended, do you?

"Mr. MAHAFFIE. I think it is vital. I think we cannot proceed very far with reorganizations that will stand up under the present section 77. It has got to be revised."

On the following day the Honorable Joseph B. Eastman, Federal Coordinator of Transportation, appeared before the same committee. He also said that the railroad reorganization law, which is section 77 of the Bankruptcy Act, should be revised. When Mr. Mahaffie appeared before the Senate committee he spoke, of course, only for himself and not for the Commission as a whole. However, he is a member of Division 4 of the Interstate Commerce Commission—the division which deals with railroad finance—and had many years' experience with the subject previously as a director of the Bureau of Finance. Mr. Eastman has also been for a number of years a member of Division 4 of the Interstate Commerce Commission. When these two Government officials agree on the vital importance of a change in the railroad reorganization law, passed as recently as 2 years ago, it is appropriate to inquire into the difficulty to which they point and into the circumstances which may have a bearing on that difficulty.

THE WINDFALL FOR THE VAN SWERINGEN BANKERS

Senator WHEELER, Chairman of the Senate Committee on Interstate Commerce, called attention to the fact that under the railroad reorganization law of 1933 the Van Sweringens and their bankers, controlling more than one-third of the stock of the Missouri-Pacific Railroad Co., are in a position to block for a long time any reorganization of that road unsatisfactory to themselves. Referring to this power lodged in any group in control of more than one-third of the stock of a railroad, Mr. Eastman said to the Senate committee:

"In event that more than one-third are unwilling, a reorganization can be held up unless you have a long proceeding, with valuations, and so forth, by which you can demonstrate the fact that the company is technically insolvent under the law and must get rid of its stock."

Mr. Eastman also told the Senate committee that under the railroad reorganization law of 1933, creditors who can get themselves classified as a special group by themselves are also in a position to block reorganization. He told the Senate committee that J. P. Morgan & Co. had achieved this very position for themselves with respect to reorganization of the Missouri-Pacific Railroad.

The tactical position thus obtained by the Van Sweringens and their bankers as a result of the passage of the railroad reorganization law of 1933, is a value to them of the greatest importance. The practical position of affairs with respect to such railroads as the Missouri-Pacific Railroad Co. is such today that the tactical advantage obtained by the Van Sweringens and their bankers as a result of the reorganization statute constitutes one of the greatest gifts ever received from our Government in all the history of American finance.

The fact that such a gift, or indeed any gift, may be carved out by the bankers was not at the time discussed in Congress. From that day until recently, for a period of 2 years, the sorry truth, concealed behind an apparently beneficent statute, has remained hidden from Congress. Full disclosure of the circumstances surrounding the affair is imperatively needed. Disclosure is required so that Congress may force Wall Street bankers and promoters to disgorge what Congress never intended them to have. They must be forced to disgorge, because already the Van Sweringens and the Morgans, chief among those who share this gift, have proceeded to use and to abuse the power which, unmarked by the world at large, fell into their lap.

It is appropriate to state facts showing how a statute passed to help the public is being converted, by bankers' tactics, into a statute to help the Van Sweringens and the Morgans. It is essential to describe some of the circumstances, that portion now available, relating to this affair. For the facts and circumstances drive home a truth already demonstrated in the hearings on Senator WHEELER's resolution for a thorough inquiry into railroad finance. Those hearings brought out some of the practices of bankers and promoters in debasing railroad finance—fragments of a far larger body of facts which can be unearthed only by a congressional inquiry. What the committee learned then was more than enough to demonstrate the need for such an inquiry. What must now be related can leave no room for any further doubt of the fact that protection of the public's investments in railroad securities, protection of every public interest in this matter, calls for the prompt passage of Senator WHEELER's resolution.

Our discussion here will deal specifically with the Van Sweringens and the J. P. Morgan & Co. banking syndicate, because they were the first to use the boon they got, they stood most in need of that boon, and they stand to make more out of it than anybody else in the United States.

The gift which the Morgan-Van Sweringen group obtained was a procedure by which they may be able to effect a stranglehold on the $2,000,000,000 railroad empire they had controlled and were about to lose. Before describing the nature of the prize obtained by these bankers and promoters, we wish to subscribe to the view which all will doubtless entertain, that so far as the Government authorities are concerned, it is obvious that none of them could have had the remotest intention to confer such a gift. It is of course clear, as has already been indicated, that Congress was not informed of what was involved in the legislation which raised the Wall Street group from despair to happiness. In the course of the scanty debates on this legislation in the Senate and the House of Representatives, there was not the whisper of a suggestion of even a shadow of the truth with respect to what was being secured by the Morgan-Van Sweringen group.

HOW THE MORGAN-VAN SWERINGEN GROUP BENEFITED BY THE PASSAGE OF A STATUTE

The railroad reorganization statute gave to any person controlling more than 33⅓ percent of the stock of a railroad company the practical power to delay, and possibly to obstruct for so long a time as to prevent, the adoption of any reorganization plan for their railroad, no matter how sound the reorganization plan might be, no matter if all the bondholders and all the other stockholders favored that plan, no matter if the Interstate Commerce Commission and the Federal courts approved the plan, no matter if the Reconstruction Finance Corporation had made loans to the railroad and also approved the plan, no matter if the entire American public deemed the plan a fair and sound one. Any person or group holding 34 percent of the common stock or of the preferred stock, or of any class of stock, of a railroad corporation, indeed any group holding one share more than 33⅓ percent of any class of stock, was given the right, by a statute, to block in this way any and every plan of reorganization for that railroad. This, in effect, put in the hands of such a person or group the power to levy tribute on all the bondholders, on the Reconstruction Finance Corporation, and on all the other stockholders. A group holding 34 percent of any class of stock of any railway which might have to undergo reorganization, was given by law the power to do what the Barbary corsairs practiced long ago.

This was a godsend to the Morgan-Van Sweringen people, who, using investors' money, had acquired control of great railroad systems, saw that some of them were due for receivership right away, and realized that receivership might end the control these financiers and speculators had been enjoying over the railroads in question. Having maneuvered themselves into a position to vote more than 33⅓ percent of the common stock of a number of these railroads, the Morgan-Van Sweringen group were able to use for their own purposes and purse the railroad-reorganization statute as soon as it became law.

Let us go back to the statute which the Morgans and Van Sweringens adopted as their angel, the angel to deliver them from mortal peril. The statute does not express, in so many words, that which these gentlemen have made to do for them. Had it contained any such words, expressly telling the story, the bill would of course have died at once. The statute simply says that a plan of reorganization for a railroad may not be finally approved by the Interstate Commerce Commission until it has been accepted by the owners of two-thirds of each class of stock issued by that railroad. Then, the law appears to add a number of conditions, so that the new right created by this statute may not be made the subject of arbitrary abuse. We say it "appears" to add some conditions which will prevent abuse. Those conditions may, in actual practice, be defeated by able bankers and astute financial lawyers.

Consider, for example, that condition which was included in the new law to the effect that a fair reorganization plan may be put through, even though 34 percent of the stocks is lined up against it, if the railroad company which is to be reorganized is insolvent. This seems all right. It should have been effective to deprive the Van Sweringens and the Morgans of their control over the reorganization of such a road as the Missouri Pacific Railroad, which is insolvent, having merely a facade of solvency by reason of the financial devices of stock-watering and overcapitalization.

But this facade, these devices, make a fortress behind which the Morgans and Van Sweringens may defeat the restrictions introduced into the 1933 reorganization law to prevent abuse of the new right created by that law. By freeing themselves from such restrictions, they may make their power almost unlimited. This they can accomplish with the help of their lawyers—and it must not be forgotten that these bankers and promoters can command the best legal talent in Wall Street. That talent can be called in to fight any attempt to obtain a court ruling that a railroad undergoing reorganization is insolvent. Such a court ruling is the sine qua non to the effectiveness of the safeguarding restriction imposed by Congress, the restriction which would prevent abuse of power by the Morgan-Van Sweringen group in the case of insolvent railroads, such as the Missouri Pacific. This sine qua non, this court ruling, may be prevented by skillful lawyers, no matter how insolvent the railroad may actually be. The court ruling may be blocked for years and years, and this obstacle can meantime be used to put the bankers astride the reorganization road, demanding princely ransoms from all who would pass. The tribute they levy, the tribute they are likely to demand, before they let a reorganization go through, is continued control of the railroad by themselves.

Let us see how the lawyers may block a court ruling that an insolvent railroad is insolvent. They may do so by insisting that the railroad shall first be valued by the court. This would mean that before the court makes a formal ruling that the railroad is insolvent, the court must conduct a valuation proceeding, possibly valuing the railroad in utmost detail—every rail, every tie, every locomotive and car, every roundhouse and station, every right of way, every bridge, every bit of the physical property of the road.

What this would mean is known to anyone acquainted with valuation proceedings in the case of both public-utility companies

and railroads. Take the easiest case, that of the public utilities, many of them much smaller than any of our major railroads, much smaller than any one of a number of the railroads controlled by the Morgan-Van Sweringen group. The valuation of such public utilities had been dragged out for years and years. Even after a trial court makes a decision on valuation, appeals can be made to run for years and years.

Turning to the railroads valued by the Interstate Commerce Commission for rate-making purposes, we find that years and years have passed before the Commission has been able to bring a valuation proceeding to a close; and even when it thought that it had succeeded in doing so, it soon found it was only in the first stage of a much longer journey, of a proceeding which would take many years more. For appeals were taken to the courts, and there it was found that great doubt and uncertainty prevails with respect to the very principles governing valuation of railroads. Who knows how many years must elapse before those doubts and uncertainties are resolved?

Now, apply this experience to the case of the Van Sweringen roads. The Van Sweringens and Morgans, aided by Wall Street financial lawyers, might prevent for many years to come the conclusion of any court proceeding brought to determine whether any of the railroads heretofore in their empire are insolvent. The Interstate Commerce Commission itself, the Wall Street district itself, may know full well that a railroad is insolvent; but that is not enough. The bankers' lawyers will insist upon one of these complicated, intricate, endless legal proceedings to value the railroad and determine the question of solvency or insolvency.

How difficult this may be was recently indicated with respect to the St. Louis-San Francisco Railway Co., which is in bankruptcy and in the charge of the Federal court in St. Louis. The Interstate Commerce Commission a few months ago adopted an order directing its counsel to apply to the Federal courts to determine whether that railway was solvent or not. It is, of course, grossly insolvent. It was insolvent from the very time that it was reorganized previously by Speyer & Co. and J. & W. Seligman & Co. in 1917. It has been so full of wind and water for so many years that there never was any real value behind the common stock of that railway, and there is not now any real value even behind its preferred stock. But when the proposition was put to the Federal court in St. Louis, committees representing security holders appeared and objected to the conducting of such a proceeding. One of the principal grounds for holding off the conduct of such a proceeding was that it might be endless.

So as a practical matter the safeguarding restriction contained in the statute may be pushed out of the law by astute lawyers and astute bankers and promoters—may be pushed out for so many years as to constitute a permanent barrier. The statute contains other restrictions, but these also may as a practical matter be defeated by the able lawyers whose services are at the command of the Morgans and the Van Sweringens.

It is unnecessary to go into further detail on this subject. The committees of Congress can undoubtedly obtain the lawyers of the Interstate Commerce Commission or the Reconstruction Finance Corporation, or from the Federal Coordinator of Transportation, a detailed explanation of each provision of the statute and its practical uselessness against such powerful people as the Wall Street bankers and the railroad promoters.

In this connection one has to bear in mind how judges, overburdened with many other classes of work, are without the necessary background to enable them to cut the Gordian knot. The limitation under which judges actually labor, when confronted with these big railroad receiverships and reorganizations, were pictured for the United States Senate in a report made 2 years ago by the legislative committee of the Interstate Commerce Commission. In view of these practical difficulties confronting judges, in view of the abundant evidence of the use made of railroad bankruptcy proceedings by Wall Street, even when those proceedings have been under the direction of highly esteemed judges, it is apparent that not even the provision of the law empowering judges to terminate such bankruptcies is likely to save the country from the Morgan-Van Sweringen stranglehold. As so often happens in these big reorganizations, provisions for the protection of the ordinary man are actually turned around to help the superman; and the power to terminate railroad-bankruptcy lawsuits may be held up as a bogy man to hurry investors and the Government lending authorities into accepting a reorganization drafted in the interests of the bankers and their convenient front, the Van Sweringens.

Applying the practical meaning of the law to the Van Sweringen empire, we discover that through holding companies nominally owned by the Van Sweringens and actually controlled by J. P. Morgan & Co. and their banking syndicate these interests are in a position to block the reorganization of every one of the major railroads which they have heretofore controlled. Let us take, for example, the Missouri Pacific Railroad Co. More than 34 percent of its stock is owned by the Alleghany Corporation, which in turn is controlled by the Morgan-Van Sweringen group. In consequence that group can effectively block the road to reorganization. It can effectively block the Reconstruction Finance Corporation, which has put more than $23,000,000 into the Missouri Pacific. The Morgan-Van Sweringen group can similarly block the owners of over $410,000,000 of bonds, who have the first right to the property of the Missouri Pacific. The Morgan-Van Sweringen group can similarly block the owners of $71,000,000 of preferred stock of the Missouri Pacific. In short, the Morgan-Van Sweringen group have the whip hand. Nobody can move without them. Their terms must be accepted by all other interests—interests of almost $500,000,000 in amount. The holders of those $500,000,000 of securities, whose rights are superior to the rights of the Morgan-Van Sweringen group, must wait year after year. To be sure, it is conceivable that the holders of these senior securities might find some way out of their dilemma by some chance, or through the help of some skilled lawyer, or through some accident; but knowing how able are Wall Street bankers and promoters in matters of this kind, matters involving their power over hundreds of millions and billions of dollars of the investments of the public, one can be sure that the probabilities are rather in favor of the entrenched Wall Street group than of the great mass of security holders.

What is true with respect to the Missouri Pacific is true with respect to other big railroad systems which are now in bankruptcy. This power, exercised under the 1933 statute by the Morgans and Van Sweringens, they would never have had under the law as it stood prior to March 3, 1933. The boon, the gift, the prize, the empire thus placed within the stranglehold of the Morgans and the Van Sweringens was placed within their power by a law adopted just when the Morgans and the Van Sweringens were in desperate need of achieving the very position which this law gave them—a position, so far as we know, never before in all American history enjoyed by any other bankers or anybody else.

So remarkable is this coincidence that it may be helpful to the Senate Committee on Interstate Commerce to receive some facts with respect to the circumstances in which the Morgan-Van Sweringen group found itself during the depression.

THE MORGAN-VAN SWERINGEN EFFORTS TO PRESERVE THEIR CONTROL DURING THE EARLIER YEARS OF THE DEPRESSION

Although the United States Senate Committee on Banking and Currency did not have the time to delve more deeply into the affairs of the Van Sweringens, and particularly did not have the time to unearth the activities of the Van Sweringens and their bankers in the later years of the depression, that Senate committee nevertheless demonstrated beyond any doubt the fact that the Van Sweringens, on a personal investment of "shoe-string" proportions, acquired control of a railway empire in which the investing public had put some two billion dollars. Obviously, a financial structure of this size, resting on a comparatively infinitesimal base of Van Sweringen investment, was likely to come tumbling down on their heads in the first financial storm. This could be prevented only if one were able to resort to the conjurer's art. The Van Sweringens and their bankers resorted to that art.

One of the first efforts of the Van Sweringens, so common in the case of a big plunger who has been caught by the market, was to speculate even more deeply and to use for the purpose money to which they had no right. They played the market with money of the Missouri Pacific Railroad Co., and they lost. That loss they caused the Missouri Pacific to bear.

The Van Sweringens also endeavored to save their structure by juggling with money. They had the Missouri Pacific lend money with its right hand to subsidiary railroads and then take money back from subsidiary railroads with its left hand. They called the money delivered to the subsidiaries "loans", and the money taken from the subsidiaries "dividends", and by thus tossing balls in the air they made zero into the appearance of something which did not exist—into the appearance of earnings by the Missouri Pacific Railroad on which the market value of its stock might be held higher, and thus on which the holding company controlled by the Van Sweringens and the Morgans might be saved from defaulting on the bonds which the bankers had sold to the public.

The Van Sweringens not only pulled rabbits out of a hat in this way, but they also made rabbits disappear so that nobody could see that there had been any rabbits. The fact that the Van Sweringens had forced the Missouri Pacific into stock-market-gambling transactions was kept from the Interstate Commerce Commission, which, under the law, should have been given the truth, and from the security holders of the Missouri Pacific, who, under the law, were also entitled to be told the truth.

Other steps of a comparable nature were taken by the Van Sweringens in an effort to protect themselves and their bankers before they reached the extremity, in which only help of the Government of the United States could save them. They unloaded real estate and terminal properties on the Missouri Pacific Railroad in the midst of the depression at higher-than-boom-time prices and let the mystified public understand that real-estate promotion and prices which utterly ignored the depression were really appropriate features of the operation of a railroad. Finally, the Van Sweringens treated the railroads in their control as though these iron highways were rich milch cows, and milked them through a Van Sweringen milking machine, one of the Van Sweringen corporations setting the dairy industry a remarkable example by getting each year more out of these railroads than the year before, although each depression year the railroad companies were fed with constantly less business and less revenue.

The facts just stated were recently presented to the Committee on Interstate Commerce in more detail, and the sources of the information then furnished the committee were, in all cases where any Senator asked for them, given to the committee.

GOVERNMENT HELP

When the magicians' entertainment was over and the magicians themselves were obliged to face the world of cold realities, they realized that they were done for unless the Government would come to their help. So, together with other railroads, the companies

under their control asked the Interstate Commerce Commission to permit them to charge the shipping public higher rates than were charged in the boom years; and to save the roads from receivership the Interstate Commerce Commission permitted them to exact from the shipping, and thus from the consuming public, at a time when it was less able to pay more than it had been paying in previous years, increased rates on a number of commodities. The matter was finally settled on condition that all the money obtained by these rate increases should be available, through a corporation organized by the railroads, for the help of any of them that might need money in order to keep out of receivership.

This, however, was not enough for railroad promoters in the precarious condition of the Van Sweringens and for railroad bankers whose loans to railroad promoters were as badly endangered as the loans of the Morgan banking syndicate to the Van Sweringens. The tills of tradesmen purchasing goods and paying more by reason of increased freight rates, and the wages of the general public, whose cost of living was increased by the rate increases, were not adequate sources for the Van Sweringens. They wanted access to the Treasury of the United States, and they got such access. They wanted access to the United States Treasury on condition that they and their bankers should be allowed to retain full control of the Van Sweringen railroad empire, and this condition also they were able to secure practically as they wanted it.

But the greed of the bankers led to something in the nature of a scandal, and soon blocked the efforts of the Van Sweringens to remain in control with the help of unlimited millions from the Government Treasury. The earliest applications to the newly created Reconstruction Finance Corporation by the Van Sweringen roads were applications, in considerable part, for Government money with which to pay the debts of the roads to their bankers. Some of the people who were to get money this way were private bankers, who had no right under the law to get Government help at all. Some of them were large New York banking institutions which did not need Government help in order to remain in business, and therefore under the law were not entitled to help. The most glaring cases in which private bankers and New York banks, using the railroads as pipe lines for Government money, got indirectly from the United States Treasury what they could not have gotten directly, arose out of applications by such Van Sweringen railroads as the Missouri Pacific, the Nickel Plate, the Erie, and the Chicago & Eastern Illinois. Through these roads, J. P. Morgan & Co. and Kuhn, Loeb & Co., the two principal private banking firms in America, and Guaranty Trust Co. of New York, a Morgan bank and closely involved with the Van Sweringens, secured authorizations to get Government money in the amount of over $15,000,000. The resulting scandal led to a clamor in Congress which made it much more difficult to get Government millions for the Van Sweringen-controlled railroads, even if they had not begun, as they in fact did, to exhaust their available securities requisite for pledge to the Government as security for any further money it might sink in these roads.

THE DESPERATE PLIGHT OF THE VAN SWERINGENS AND THEIR BANKERS

Faced with such conditions, it looked as though the Van Sweringen empire was about to break down like the house of cards it really was. As has already been indicated, if the Van Sweringen roads were compelled to go into receivership, under the law as it had always applied to security holders in such cases, there was considerable danger that the Van Sweringens would be wiped out and that the interest held by the bankers, being in substance the interest of the Van Sweringens, would also have to go overboard.

This jeopardized the Van Sweringen control of $2,000,000,000 of property, the control of a Nation-wide network of railroad systems. The same stake was also involved for the bankers, but, in addition, they had another stake. They had tens of millions of dollars which might have been lost if they lost control. How much was owing to the bankers by the Van Sweringens in the latter part of 1932 or early 1933 is not at the present time disclosed, and may not be disclosed until the Senate Committee on Interstate Commerce has been authorized by the United States Senate to make a thorough inquiry. What is known is that at the present time the Van Sweringens owe the bankers $48,000,000. The importance of so huge a sum to bankers headed by J. P. Morgan & Co. may be gaged from the fact that the amount now due to the bankers from the Van Sweringens exceeds the total net worth of J. P. Morgan & Co. at the time of the passage of the railroad reorganization statute on March 3, 1933. Anyone who reads the Morgan hearings before the United States Senate Committee on Banking and Currency and notes with care the discussion in which the head of the Morgan law firm blocked the efforts of Mr. Pecora, the attorney of that committee, to get the true facts about J. P. Morgan & Co.'s financial balance sheet, will recognize that the wiping out of the Morgan share of the huge banking loan to the Van Sweringens' personal corporations might have been seriously embarrassing to J. P. Morgan & Co., even to the point of threatening its position as overlord of some of the biggest railway, public-utility, and industrial corporations of the United States.

These were the tremendous stakes and the corresponding needs of J. P. Morgan & Co. and the Van Sweringen interests when Congress acted in the early part of 1933.

ENTER THE NEW YORK FINANCIAL LAWYERS

Months before Congress acted there were some significant developments. These arose, though the general public would not have deemed it possible, out of efforts of President Hoover and his Solicitor General of the United States to achieve reforms of bankruptcy procedure. Early in his administration President Hoover instructed the Solicitor General to make a thorough study of bankruptcy reform. A lengthy report was subsequently made by the Solicitor General and was transmitted to Congress by President Hoover. His message, and the accompanying report of the Solicitor General, dealt largely with the subject of relief of the small debtor and the ordinary creditor, as well as relief of the overindebted farmers. These documents, dealing with subjects which seemed very far indeed from the problems of railroad bankers and promoters and their lawyers, were turned to good account by them for their own needs.

A meeting was held in New York City on May 25, 1932. This meeting was held in the bar association there. The man who presided over it was president of that association and head of the law firm which handles the legal business of J. P. Morgan & Co. and Guaranty Trust Co., the chief Van Sweringen bankers. At this meeting a resolution was adopted to seek to broaden the bills then pending in Congress for the reform of bankruptcy law, by including reorganization provisions for insolvent railroad corporations. A committee to urge and help Congress make these fundamental changes in the pending bills was appointed. It may be of interest to note who did the appointing and who were appointed to the committee.

The meeting, though attended by a very small fraction of the membership of the Bar Association of New York, was graced with the presence of important financial lawyers. First, of course, was the presiding officer. Others were also present from his law firm, the firm of Davis, Polk, Wardwell, Gardiner & Reed. One of these was appointed a member of the special committee. This gave the J. P. Morgan and Van Sweringen lawyers a key position at once. Another place on the committee was granted to another big financial lawyer, a partner in the law firm of Cravath, de Gersdorff, Swaine & Wood, the regular attorneys for Kuhn, Loeb & Co. and for J. & W. Seligman & Co., New York banking firms active in railroad finance, railroad reorganization, and railroad control. The fact is that he was also general counsel at the time of St. Louis-San Francisco Railway Co., which was then engaged in preparing a futile reorganization of its bankrupt finances and was shortly thereafter going into receivership. He was also at the time—and still is—New York counsel for and a director of the Chicago, Milwaukee, St. Paul & Pacific Railroad Co., recently reorganized under the auspices of his banking clients and himself. Both railroads, for which he was general counsel, were at the time in danger of receivership, and one of them has already gone into receivership, while the other is in all likelihood going to go into receivership shortly.

A third member of this committee was a New York lawyer who has been much used by leading New York banks, including Guaranty Trust Co., of New York, in receivership and bankruptcy business. Thus, the committee appointed by the head of the law firm which serves J. P. Morgan & Co., contained a majority (since there were only five members of the committee) who were closely associated with the big private bankers and banks of New York—the ones who play the most prominent part in railroad finance and railroad reorganization.

This committee of lawyers reported to the Bar Association of New York under date of April 5, 1933, a month after the passage of the law which has proved so wonderful for the Van Sweringens and their bankers. The report was to the effect that Congress had passed a law dealing with railroad reorganization. The report included no disclosure of the part played by the lawyers' committee in molding that statute, or of the part played by any of its financial lawyer-members in that molding process.

Although the committee members did not make disclosure to the bar association for which they were supposed to act, a series of strange circumstances brought to light what at least one of these financial lawyers had to do with the legislation which was pending before Congress. The facts came to light as a result of a loan of some $3,390,000 by the Reconstruction Finance Corporation to the St. Louis-San Francisco Railway Co., in the summer of 1932—a matter already called to the attention of the Senate Committee on Interstate Commerce. This money was lent by the Government to the railway to be used for the payment of taxes and interest, after the railway reported that it was in most urgent need of Government money for that purpose. But the bankers in control of the road shortly thereafter took $400,000 out of its cash box and delivered it to themselves as reorganizers of that railway. The New York attorneys for those reorganizers, who have since abandoned the reorganization plan which they prepared in 1932, have sought to be paid $100,000 for their services in that reorganization fiasco. Those lawyers are Cravath, de Gersdorff, Swaine & Wood, one of whose partners was a member of the New York City Bar Association committee appointed in 1932 to work on the subject of railroad reorganization. Supporting this law firm's demand for $100,000 for preparing and pushing a Frisco Railway reorganization plan so deficient that it was thrown overboard as soon as its deficiencies had been publicly exposed, papers were submitted to the Federal court in St. Louis describing the services of the lawyers. These papers were filed in the archives of that court. The firm of Cravath, de Gersdorff, Swaine & Wood included in their statement to the Federal court in St. Louis the following:

"The proposed law for reorganization of railroads under the Bankruptcy Act was under active discussion, and counsel for the [managers meaning Messrs. Cravath, de Gersdorff, Swaine & Wood, acting as attorneys for the reorganization managers of the St. Louis-San Francisco Railway Co.] * * * devoted a great deal of time to consideration and discussion of the proposed law. Many amendments were suggested by counsel for the managers [that is

to say, by Messrs. Cravath, de Gersdorff, Swaine & Wood], most of which were adopted in the law as finally passed."

The document from which these words are quoted is entitled by the law firm seeking the $100,000, "A Memorandum of Services Rendered by Counsel for Readjustment Managers." This memorandum is called schedule M, attached to a formal court petition entitled "Petition of Readjustment Managers for Approval of Accounts." This petition was sworn to on February 13, 1934. The words we quote from schedule M are to be found on page 8 of that schedule.

We have felt it important thus minutely to identify the papers of these lawyers because of the importance of the revelation they made in the course of seeking their $100,000 fee. Now, for the first time, there is definite proof of the large part played by one of the Wall Street lawyers in connection with the creation of the railroad reorganization law. Now, for the first time, the public can know that lawyers of such great stature in Wall Street were able to labor on this legislation without anybody on the outside knowing anything about it. The words quoted above from the papers filed in St. Louis are illuminating indeed, despite the failure to specify the nature of the lawyers' activity and the methods they followed. It is curious that in a memorandum of services seeking $100,000 out of the treasury of a hard-up, bankrupt railroad, the lawyers did not deem it appropriate to tell a good deal more of their doings, to describe the amendments they prepared for inclusion in the legislation before Congress, and to state what representations they made in getting their amendments adopted. If we knew what they then said and how they got what they wanted, we would be able to see whether there were any disclosures they did not make, when they went to work to fix up the railroad reorganization bill.

No public disclosures of any kind, not even in the general language quoted above from the court records in St. Louis, have, so far as we know, been made by the other financial lawyers on the bar association committee. Only a thorough inquiry, such as that proposed for the Senate Committee on Interstate Commerce, will make it possible to ascertain just what each of these distinguished financial lawyers did in helping Congress to pass a law which, as things turned out, has proved such an inestimable boon to J. P. Morgan & Co., their banking allies, and the Van Sweringen interests.

We do not undertake to say what these lawyers did, what these lawyers intended, or what connection there was between their work and the provisions of the law as it now stands. We present simply the facts that are available in public records.

One thing about the activities of these lawyers can be stated, and that is the lack of knowledge of Congress that the lawyers were doing so much to make the railroad reorganization statute what it is today. While the Wall Street attorneys were laboring on the legislation, the House Judiciary Committee was engaged in reporting to the House on the theory that the bill would eliminate "the opportunity for manipulation on the part of special groups." When the bill, as it came up in the House for passage, was there debated, the leading advocate of the legislation made remarks showing that he thought the bill would eliminate the very evil of banker control which it has in fact accentuated. He said, "Are you going to leave the management of the reorganization and receivership of these railroads in the hands of the gang that has ruined the railroads * * *?"

The courageous Congressman who spoke these words, a public servant with the finest of records in the public service, was obviously kept in the dark about what was really going on behind the scenes. For, when he spoke of "the gang that has ruined the railroads", when he indicated that he was trying to get rid of the Wall Street group, he did not mince words. He did not hesitate to name names. Those he wanted to get rid of were, as you will see if you consult the CONGRESSIONAL RECORD, the Morgan firm, the Kuhn-Loeb firm, and their lawyers. He specifically included among these lawyers two of the committee working at the very time to get the very statute that was then under discussion in Congress. What better proof can one ask of the skill of these gentlemen in getting what they wanted with a minimum of friction, arousing the minimum of hostility and distrust for what they sought?

Any member of the Senate committee who wants to read the debates on this subject in the House, and the names mentioned during those debates, will find them in the seventy-sixth volume of the CONGRESSIONAL RECORD, at page 5358.

Leaders in the Senate were equally kept in the dark about the financiers' lawyers and their handiwork. The bill was discussed in the Senate by the Senators who were then chairmen of the Committee on Interstate Commerce and the Committee on the Judiciary. Both chairmen had long demonstrated their devotion to the public interest. Both would have fought to the utmost any attempt by Wall Street to get the kind of railroad reorganization statute the bankers wanted. Yet, though each of these committee chairmen took considerable part in the debate in the Senate, neither of them had the benefit of any disclosure about the activities of the legislative draftsmen from Wall Street. Indeed, such had been the representations on which the bill was being pressed for passage, such had been the nondisclosures, that one of the chairmen said of the bill, "This is a plan to take out of the Wall Street bankers the power to reorganize the railroads which they have had heretofore * * *." This remark, and more to similar effect, can be found on page 5269 and other pages of the seventy-sixth volume of the CONGRESSIONAL RECORD in the Seventy-second Congress.

HOW THE BILL BECAME LAW

In view of the lapse of more than 2 years since the adoption of the railroad reorganization law by Congress, and in view of the fact that the law was adopted in the rush of the final days of the Seventy-second Congress, we may, perhaps, be indulged in recalling to the minds of the members of this committee the haste with which that law was passed by Congress. You will remember that there was a subcommittee of the Senate Committee on the Judiciary and that this subcommittee refused to recommend passage of the railroad reorganization law. You may remember that in the course of the debates in the Senate a member of that subcommittee, Senator Bratton, of New Mexico, now a United States judge, said that, "In the final analysis of the situation only one member of the Judiciary Committee has given prolonged consideration to this important measure. As a member of the subcommittee and as a member of the full Committee on the Judiciary, I do not think we would be justified in passing during the closing days of this session a measure so far-reaching in its effects as the section touching railroad reorganization." Senator WAGNER, of New York, asked whether the full Judiciary Committee had considered the legislation, and received the reply, "It has not." One may sum up what took place in the Senate by quoting from the remarks of two Senators. The Senator who introduced the bill said that he did so because "It was suggested to me yesterday that it was perfectly possible to have this bill rushed through the Senate." A number of Senators warned of the danger of such rush methods. Their views are illustrated by the following remarks of Senator CONNALLY, of Texas:

"This is a measure too complex, too intricate, too important for me to vote upon it largely in the dark. If the Committee on the Judiciary, after examining the amendment, declined to act on it—and that committee ought to know more about it than the rest of the Senate—if the Senate here now, in the last 3 days of its session, under tremendous pressure, in a mere brainstorm, passes this legislation because it thinks something must be done, but does not know quite what it is, I cannot get my own consent to vote for the amendment * * * the matter has not had proper consideration. In other words, they have considered it briefly; they know something ought to be done; they know one of the patient's legs ought to be cut off, but they do not know which one; and they will just cut off one in order to be doing something."

The passage here quoted from the debates are to be found on pages 5033, 5036, 5037, and 5274–5275 of the seventy-sixth volume of the CONGRESSIONAL RECORD.

It was on the plea of emergency that Senators voted for the bill. Some Senators voted for it on the ground that this would relieve the Reconstruction Finance Corporation of the necessity of making further loans to the railroads—an opinion which reckoned without the astuteness of financiers and their lawyers, who may, in the course of reorganization, get far more money from the Reconstruction Finance Corporation for particular railroads than the Government has put into them up to the present time. Consider for a moment the application of the Van Sweringens for $75,000,000 to be used in the reorganization of the Missouri Pacific—more than three times the sum, huge as it was, that the Missouri Pacific had gotten out of the Reconstruction Finance Corporation prior to the railroad's resort to the bankruptcy court.

Needless to say, as soon as the railroad reorganization bill became law, the J. P. Morgan & Co. and Van Sweringen interests got busy, and within a few weeks had formally applied to receive such advantages as might be gleaned, using railroads under their control as instrumentalities to help these bankers and promoters under the new law.

J. P. MORGAN & CO.'S VETO POWER

The Morgans and Van Sweringens were not content with the huge gift they had secured for themselves in their role as lords of the Alleghany Corporation, and thus of its holdings of Missouri Pacific common stock—more than the requisite 33⅓ percent. Having annexed this benefit, they later proceeded to make use of another provision of the law. Just as a fraction of a percent more than one-third of any class of stock can embarrass any and all reorganizations, so a fraction of a percent more than one-third of any class of creditors can, under the 1933 law, embarrass or block any reorganization. J. P. Morgan & Co. now have the benefit of an order of the Federal bankruptcy court making them a special class. The Reconstruction Finance Corporation has contested this order and has shown the court that J. P. Morgan & Co. have not the remotest ground for claiming to be a special, single, and exclusive class of creditors of the Missouri Pacific Railroad Co. The matter is still to be decided by the Federal court, but at the present moment the banking firm is entrenched by an order of the court—an order under which the bankers can effectively turn thumbs down on the best reorganization plan in the world, even though that plan were favored by all the bondholders of the railroad, by the Reconstruction Finance Corporation, and by all the holders of Missouri Pacific's preferred and common stock other than the Morgan and Van Sweringen interests.

THE BANKERS' VETO POWER THROUGH THE PROTECTIVE COMMITTEES

J. P. Morgan & Co. have put one of their partners on the principal bondholders' committee in the Missouri Pacific reorganization. They have put a partner of Kuhn, Loeb & Co. on that committee, and they have other friends and allies on that committee. That committee purports to represent the Missouri Pacific bondholders. Facts have been submitted to the Senate Committee on Interstate Commerce showing that the banker-influenced Mis-

souri Pacific committee, ostensibly offering to represent bondholders, insists upon becoming absolute owner of the bonds of the general investing public and assumes to itself even an extraordinary privilege under which its individual members may speculate in the very class of bonds for which they have undertaken to become guardians. This committee has reserved the right, for all its members and their banking firms, to sit on both sides of the table, to be at one and the same time both for and against the bondholders they ostensibly protect. Every member of the bankers' committee has reserved the right to make private profits by dealing in his private capacity with himself as a committee member.

J. P. Morgan & Co., Kuhn, Loeb & Co., and their allies on the "protective committees" have also undertaken to defeat a portion of the railroad reorganization law they do not like. Congress sought to give to bondholders the right to vote on reorganization plans, to express their personal preferences, to have something to say about their own property. But the bankers' committee, using intricate legal devices for the purpose, seeks to take away from bondholders what Congress wanted them to have. The "protective committee" wants to make bondholders pay a heavy tax to the protective committee for exercising the voting privilege conferred on them by Congress. That is the type of additional stranglehold these bankers have sought to obtain.

THE BANKERS MONOPOLIZE THE VOTERS' LISTS

When Congress enacted the railroad reorganization law, Congress tried to give investors in railroad securities one of the most important of safeguards. Congress tried to give them the opportunity of communicating with each other, conveying facts to each other, warning each other of dangers, gathering together for common protection. This was to be made possible by requiring that the names and addresses of bondholders in a bankrupt railroad be placed on file in court, so that any of them who desired to do so could communicate with his fellow investors.

This attempt by Congress was in line with sound practice. It followed the long-standing precedent under which stockholders have been entitled to get the names and addresses of their fellow stockholders. It is similar to the method employed in political elections when voters' lists are made accessible to all parties.

Congress tried to give bondholders this protection, but the bankers have defeated the purpose of Congress. Consider the Missouri Pacific Railroad bankruptcy. Bondholders' lists are in the possession of the banks and bankers, J. P. Morgan & Co. and banks in its sphere of influence, such as Guaranty Trust Co. of New York and Bankers Trust Co. of New York. These lists are used by the banker-organized "protective committees" to get bondholders to give up their bonds to those committees and to give them up in such a way that bondholders' interests are, as already explained, in great danger.

Bondholders who have studied the facts want to get those facts to their fellow investors, to warn them about the bankers' committees, about the bankers' purposes. This cannot be done. Independent bondholders cannot get the lists of names and addresses. The lists of thousands of names are not on file in court. Only a few hundred names are filed there. The vast majority of names are kept secret. How can this be, in view of the purpose of Congress? The lawyers found a loophole in the law and defeated what Congress intended. They claim that technically the law has been complied with—this law that Congress intended for the benefit of the investing public, this law on which Wall Street lawyers quietly worked. As a result, the Van Sweringen bankers have tightened their grip, and ordinary investors are insulated from each other, unable to communicate with one another, left at the mercy of the bankers, who have converted into a private preserve for themselves the bondholders' lists, which should be available to all.

INFLUENCE THROUGH THE BANKRUPTCY COURT MACHINERY

Your committees may be interested to know how much reform was achieved through the railroad reorganization law. The people in control of the Missouri Pacific were the first people to take advantage of this law. At the outset, they induced the court to leave the control of this property in the hands of themselves, rather than in the hands of the court through independent trustees. Thereafter, when the Reconstruction Finance Corporation urged strenuously that trustees ought to be appointed so that control of the property in bankruptcy should be really in the hands of the court and not in the hands of the Van Sweringens and their bankers, two trustees were appointed. One of these was the president of the road—the man chosen for that road by the bankers and continued in the job by the Van Sweringens. Then came the highly important question, Who should be the counsel for the court trustees in control of the property? The man chosen for this job was the counsel of the railroad company—the man previously used as counsel of the road by the Van Sweringens themselves. As a result, when the Reconstruction Finance Corporation waged a fight in behalf of all bondholders and creditors and security holders of the Missouri Pacific Railroad Co., attacking the transaction by which the Van Sweringens had unloaded on the Missouri Pacific for $20,000,000 some real estate and terminal properties, one of the two court trustees and the general counsel for the trustees helped the Van Sweringens, and not the Missouri Pacific, not the bankruptcy estate, not the bondholders of the road, not the Reconstruction Finance Corporation as a creditor, not anybody who had a genuine and single-minded interest in the railroad.

The Missouri Pacific has now been in the bankruptcy court for approximately 2 years. The bankruptcy law applies to these railroad-reorganization bankruptcy proceedings. Under the bankruptcy law, if a small business man becomes bankrupt, there is almost automatically a proceeding to question him and any and all persons who have dealt with him in order to throw light on what has happened to the business and property of the bankrupt—to ascertain whether there has been mismanagement, waste, or concealment of assets, and to ascertain whether it is possible by lawsuits against any persons to recover damages for the bankrupt estate and for the creditors of the bankrupt. Has anything remotely approaching this been done in the Missouri Pacific bankruptcy for the benefit of the holders of approximately $500,000,000 of securities? With the exception of the fight made by the Reconstruction Finance Corporation with respect to one transaction only, there has been no examination of officers or directors or bankers or promoters of the Missouri Pacific Railroad Co. On no subject has any banker of the Missouri Pacific Railroad been examined. Independent bondholders of Missouri Pacific Railroad have been trying their hardest to get an examination of the bankers and directors and stock brokers who made money out of the Missouri Pacific and had a hand in what befell it. But up to the time we had our latest word on the subject, no order had yet been made in the court proceeding subjecting the bankers and directors to the same treatment, or anything like the treatment, given a small business man in the bankruptcy courts as a matter of course. The financiers and promoters who ran the Missouri Pacific Railroad in Wall Street have thus far got off scot-free, though the company has been in bankruptcy and under the bankruptcy court for 2 years.

That is the way in which the railroad reorganization law, so advantageous to the Morgans and Van Sweringens in the use to which they put it, has proved to be beneficial to them in saving them from the embarrassment of examination and disclosure of what they did to this railroad in past years.

ANOTHER BOON FOR THE MORGANS AND THE VAN SWERINGENS

The bankers and promoters in control of the Van Sweringen empire were faced with another grave danger. They ran the risk of losing control of the Alleghany Corporation, the holding company by which they had thus far maintained their power over so many railway systems. The Alleghany Corporation was in serious financial difficulties. The time came when it was clear that that corporation would have to go into receivership and be reorganized. There was, of course, serious danger that then the bondholders, having at least theoretically a free choice, might push the Van Sweringens and their bankers out of control.

The opportunities for financial master strokes, carved by the Morgan-Van Sweringen lawyers out of the railroad reorganization law, were not available to them for use in the Alleghany Corporation. That law related to railroad companies, and the Morgans and Van Sweringens had deliberately contrived that the Alleghany Corporation should not be treated under the laws that apply to railroad companies. This policy they adopted in 1929, when, prohibited by the Interstate Commerce Commission from building vast control over railroads on a personal investment very small in comparison, the Van Sweringens turned to the holding company device to outwit the Government. It was in this manner that the Morgans were enabled to float millions of dollars of holding company bonds to the investing public without any supervision by the Interstate Commerce Commission.

This policy of the Van Sweringens and the Morgans, a policy which kept their chief holding corporation outside the law for the regulation of railroads and railroad finance, has continued successful to the present day. Even when Congress passed a law in 1933 to bring railroad holding companies under the regulation of the Interstate Commerce Commission, phrases were included in the statute under which these men have claimed that their Alleghany Corporation and other holding companies are still free from Interstate Commerce Commission supervision, free from Government regulation, free from the necessity of letting Commission examiners inspect the books, the files, and the records of these billion-dollar holding companies. What disclosures such access to the books and correspondence of the Alleghany Corporation and the other Van Sweringen holding and management companies might have brought about! But as the law to regulate railroad holding companies took shape, the Van Sweringen companies slipped through again—further evidence of the fact that the regulating authorities cannot get the needed facts, and that a congressional committee is the only agency which can get the facts.

Enjoying, thus, for their empire immunity from the law of the land applicable to the great railroad-operating companies they had annexed to that empire, the Van Sweringens were, of course, not in a position to use the railroad reorganization law of 1933 for the holding companies which they wanted to keep immune from the law. Fortunately for them, a bill had been pending in Congress to deal with the bankruptcy of corporations other than railroads. In fact, at the 1932 meeting in the Bar Association in New York City, when a resolution was adopted to appoint a committee and to press for a railroad-reorganization statute, the lawyers' committee, the one with a majority of Morgan-Kuhn-Loeb-Guaranty Trust Co. lawyers, was directed to press also for a statute on the subject of reorganization of corporations other than railroads. This was right down the Morgan-Van Sweringen alley. And, in fact, a law on this subject was passed by Congress and signed on June 7, 1934.

The Van Sweringens shortly thereafter took advantage of this law. Its provisions were particularly satisfactory to them, although it is obvious from the reading of the debates in Congress that no one in Congress foresaw the use to which the Van Sweringen interests would be able to put the new statute for the preservation of their control.

They brought about a bankruptcy proceeding under this 1934 law in the Federal court in Baltimore. The Alleghany Corporation now appeared in several roles inconsistent with each other. Facing in one direction, the Alleghany Corporation declared itself to be a bankrupt. Facing in another direction, the Alleghany Corporation proceeded as though it were not a bankrupt at all. And even in that aspect of the Alleghany Corporation in which it admitted itself to be a bankrupt, the court permitted control over the company to remain in the hands of the Van Sweringens and their bankers just as before. Taking advantage of the provisions of this law, the Van Sweringens and their bankers put through a reorganization of Alleghany Corporation in record time—probably the fastest reorganization ever accomplished in all financial history. The principal feature of this reorganization was that although many of the bondholders of the Alleghany Corporation were compelled to take stock for bonds, the big prize in the American railway system—control over Alleghany Corporation and a tremendous network of railways—remained in the hands of J. P. Morgan & Co. and their banking syndicate.

It is significant, also, that although the Interstate Commerce Commission had complained for some years that the organization of holding companies, the chief of them being the Van Sweringen holding company, had defeated the regulatory efforts of Congress and the Commission, and although the sucking of vast quantities of credit into the railroad holding companies had helped to impair railroad credit in general, the reorganization of the Alleghany Corporation was not submitted to the Interstate Commerce Commission's scrutiny. The Alleghany Corporation, having, as has already been said, escaped the statute passed by Congress in 1933 to regulate railroad holding companies, could be reorganized without letting the soundness and fairness of the reorganization plan reach the official eye of the Government Commission which knows more about the subject than most courts, probably more than all courts. The principle that reorganizations dealing with railroad affairs ought to come before the Interstate Commerce Commission—a principle recognized in the debates in the United States Senate in February 1933—remained wholly ineffective so far as the Van Sweringen holding companies are concerned.

MORE MAGIC

The Van Sweringens have now come back for more Government money. This time the magic wand is the wand of those who say they can bring back prosperity. This time there is also a magic stick with which to beat the Government if it will not lend the Van Sweringen companies more money, and that stick is the threat that without reorganization of the Van Sweringen roads the country is in danger, the country cannot be saved, the depression cannot be routed, prosperity cannot be brought back. In insisting on their magic, the prestidigitators slur one condition which, from their point of view, is vital, and from the point of view of everybody else is fatal. J. P. Morgan & Co., and its banking syndicate, now in control and using the Van Sweringens as a convenient front, insist that the money, when lent by the Government, shall be lent on a basis that gives this small group control of the $2,000,000,000 railway empire, which they have thus far controlled, by controlling the investments of the public. Is it to be believed that the country cannot be saved, that recovery cannot be secured, that railroad investors cannot be protected, that railroad labor cannot be protected, that railway service cannot be adequately maintained, unless J. P. Morgan & Co. and the Van Sweringens control these great railroad systems? Has America sunk to such low estate, to such desperation as these bankers and these promoters, with their deplorable record in railroad control and railroad finance, would make us believe?

Here is the banker-promotor control of these great railway systems, operating on a "shoe string" with that "shoe string" investment already lost and with hundreds of millions of other people's money also lost for them by the bankers and promoters—and the control of these bankers and promoters still continues. They have access everywhere. They can go to any agency of the Government, and when they do not want to go they can send so-called "railway associations", maintained with the money of all the principal railroads of the country, to call upon any and every agency of the Government and indirectly seek to protect before such agencies the Van Sweringen bankers and the Van Sweringen interests.

How does it happen that J. P. Morgan & Co. and the powerful banks in their syndicate have such power over these railroad associations and organizations? A report of the Interstate Commerce Commission made on January 7, 1935, provides the answer. This report deals with the 4 years, 1930, 1931, 1932, and 1933. The Commission shows that in those 4 years the Van Sweringen roads paid well over $2,000,000 as the contribution of the Van Sweringen empire to the support of all manner of railway associations. But there is even more to the story. Other railroads, for which J. P. Morgan & Co. and financial institutions in the Van Sweringen banking syndicate also act as bankers, have paid additional millions for the support of these railway associations. Therefore, when we read that this or that association has gone to see this or that public commission, administrative authority, or high official, we can fairly conclude that anything discussed by such an association bearing on Van Sweringen interests will be in full accord with the wishes and needs of the Van Sweringen bankers.

It is of the utmost importance to recognize how these direct and indirect agents of the Van Sweringen banking syndicate are in a position to descend upon Washington and on Government agencies that have anything to do with the railroads, to descend upon Washington in full force, and both in Washington and throughout the country to press the views and requirements of J. P. Morgan & Co. and its affiliated banking houses and institutions with the utmost of astuteness and power. In brief, the bankers for the Van Sweringen empire have such potent charms that most doors open readily to them, to the Van Sweringens, and to the railway association executives, who every little while, not unlike presidents of railways, are active in Washington to do the bankers' errands.

THE DANGER TO THE COUNTRY

One of the most dangerous combinations of property and wealth in this country today, one of the most active in riding roughshod over the public interest and over the interests of investors at large, is the Van Sweringen railway empire. The country will not be safe until that aggregation of railway systems has been separated into more workable units and into units which cannot by themselves exercise such dangerous powers in the affairs of our country. Until we get rid of the stranglehold of the Van Sweringen bankers and of the Van Sweringens themselves on this vast aggregation of large railway systems, investors will be without safety, railway labor will be without safety, Government money will be without safety, Government agencies will be harassed and invaded, and democratic processes and representative government will be flouted. There is no safety in this country for private property so long as a small group of men have the power, by misuse of a congressional grant, to get a stranglehold on property in which they no longer have a penny of their own money and which they have abused to the damage of is true owners. There will be no safety until the railroad reorganization law is changed in such a manner as to release great railroad empires from the control of such men. It may be difficult to get this law changed, and it will certainly be difficult to achieve amendments which are unquestionably in the public interest and unquestionably not in the interest of J. P. Morgan & Co. and their banking allies, until an investigation by the Senate Committee on Interstate Commerce has aired all pertinent facts thoroughly. Without such an investigation, there is every danger that the huge Van Sweringen empire will continue in the midst of our Republic; and so long as that empire within a republic continues, so long are great American public interests in constant danger.

REGULATION OF BANKS AND BANKING—STATEMENT BY A. P. GIANNINI

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by A. P. Giannini, as published in the New York Journal of Commerce of today, in relation to the proposed Banking Act of 1935.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the New York Journal of Commerce of Apr. 15, 1935]

GIANNINI ATTACKS NEW YORK BANKERS—BACKS TITLE 2 OF BANKING BILL, HITTING OPPOSITION OF WARBURG

Bringing into the open the pronounced differences of opinion between eastern and western banking groups over title 2 of the proposed Banking Act of 1935, A. P. Giannini, head of the Bank of America, California, over the week-end attacked the attitude expressed before the Senate Banking Committee by James P. Warburg, vice chairman of the Bank of the Manhattan Co.

Mr. Giannini charged that, in attacking title 2, which vests credit control in an administration-appointed Reserve Board, Mr. Warburg had represented, not the opinions of bankers as a class, but only the opinions of the New York bankers. He declared that in the past monetary policies were largely determined by the New York banks.

SEES WESTERN TRADE GAINS

Following his attack upon Mr. Warburg, Mr. Giannini yesterday issued a statement upon the pick-up in trade in the far West.

"The West is alive with industry," said Mr. Giannini. "Five great building enterprises are being worked out and will be completed within the next 3 years."

Mr. Giannini enumerated the various projects under way, declaring that they comprise "only the beginning of the 'new era.'"

"Agriculture had a great year in the far West, and the oil and mineral industries also took on added impetus. Nevada's condition was considerably improved, owing to the activity in the numerous silver mines in the State and the vast wine industry of California developed into one of the country's major industries during the year, largely through the efforts of the newly organized wine institute.

"These are the major reasons for the waves of improvement that have been noted heretofore in the trade balances.

"Naturally good times in the far West are bound to aid in bringing industrial activity to the entire country."

VIEWS OF TITLE II

The statement upon title II follows:

"I have read the testimony of James P. Warburg, who appeared early this week before the Senate Committee on Banking as a witness against the banking bill of 1935. In view of the possibility that his attitude may be taken as that of bankers as a class, I wish to take issue with him. However typical his attitude may be of that of the New York banker, it by no means represents the atti-

tude of many bankers outside of New York. It is true that one of the purposes of the banking bill is to lessen the authority of bankers to determine the monetary policies of the country, but it should be emphasized that bankers at large have had very little voice in the determination of such policies in the past. The group that has exerted the predominant influence has been the New York bankers. Mr. Warburg did not dare to advocate a continuance of this situation in so many words, but a careful reading of his testimony leaves no question but that is what he had in mind. Although he claimed that he was not pleading for bankers' control of the people's money, he nevertheless maintained that the New York Federal Reserve Bank should determine its own policies, and he had the audacity to maintain that this represented popular control of the people's money.

MONETARY CONTROL

"Mr. Warburg attacked the banking bill by suggesting that it tended 'to undermine the "American order" and was an important step toward communism.' Perhaps Mr. Warburg understands by 'the American order' the inalienable right of the New York bankers to issue money and to regulate the value thereof. Most of us feel that when the Constitution gave Congress the power to coin money and to regulate the value thereof, it meant what it said, and I know of no higher authority as to what constitutes the 'American order' than the Constitution itself.

"Mr. Warburg professes to believe that the power to control the money of the country is in any case a useless power since, he maintains in effect, it is quite impossible to influence business conditions by inflating or deflating money. Why then should he be so exercised over defeating public control over money? If he lays so much importance on who has the control it surely must be because he knows full well that the control of money is a real power for good or evil. Personally, I would rather that this power be exercised by a public body in the public interest than by the New York banking fraternity.

"I am opposed to a Government-owned central bank, but I support the idea of giving the Federal Reserve Board a large degree of authority in the system's policies. I think it wise that the Governor of the Federal Reserve Board be made the President's representative on the Board, his term to run concurrently with that of the President, and he, as such representative, should sit in on all monetary conferences with foreign governments rather than the Governor of the Federal Reserve Bank of New York as is the case at present."

PREVENTION OF LYNCHING

The Senate resumed the consideration of the motion of Mr. COSTIGAN that the Senate proceed to the consideration of the bill (S. 24) to assure to persons within the jurisdiction of every State the equal protection of the laws by discouraging, preventing, and punishing the crime of lynching.

Mr. BLACK. Mr. President, I desire to address myself to the bill for the consideration of which by the Senate a motion has been made. I realize that, to a great extent, many Senators have made up their minds on this measure even before the motion to take it up shall have been passed upon. A study of the bill, however, convinces me that neither the Senate nor the country is familiar with the effect this measure would have if it should be enacted into law.

I desire to preface my remarks with the statement that I am against lynching. In no public or private utterance I have ever made in all my life can anyone find a single statement made by me indicating that I favored lynching as a punishment for crime.

I claim that this bill which has been introduced by the Senator from New York [Mr. WAGNER] and the Senator from Colorado [Mr. COSTIGAN] could well be designated a bill to increase lynching, as a bill to suppress labor unions, as a bill to punish and prosecute sheriffs and peace officers who fail to perform satisfactorily the duties which owners and operators might claim they should perform in the case of a strike. I claim that it is not only a bill which would subject the sheriffs to prosecution in the Federal courts for neglect to protect persons from injury but it goes still further and would subject every sheriff in this Nation to a penalty not in excess of 25 years if he failed to exercise that diligence which the coal operators, for instance, thought he should exercise in order to protect their property in case of strike.

I do not claim that the Senator from Colorado and the Senator from New York intended to introduce a bill which would have that effect, but I assert that there never has been a self-respecting court in this Nation that could hold to the contrary of the views I have expressed with reference to this particular measure. I base that statement on the measure itself and on the report submitted by the Judiciary Committee, and particularly upon the brief in support of the report submitted by Mr. Charles H. Tuttle.

Therefore, Mr. President, I assert that if the bill should become a law, it would have an accentuating effect like unto that of the fourteenth amendment. There were many who believed that it was necessary to adopt the fourteenth amendment in order to protect colored citizens of the country from an infringement of their rights. Some were honest and sincere in that belief. They believed that the amendment would serve to effectuate such a purpose. I submit to the Senate that if at that time it could have been known that over a period of 10 years, out of 529 cases coming under the amendment, 509 would have been decided in a way to protect vested interests in their predatory special privileges in this Nation, the amendment would not have had easy sailing, even at that time, when the dictator from the State of Pennsylvania was practically deciding what should be the laws to govern the people of the Nation. In order that there may be no misunderstanding about my statement, when I say "dictator" I refer to Mr. Thaddeus H. Stevens.

The bill which it is now sought to bring before us is a lineal descendant of the measures which were enacted as laws in this country and about which the great historian Claude G. Bowers has written that magnificent book entitled "The Tragic Era."

There is nothing new in the proposal except that today to him who will read it, it is plain that it goes much further than its proponents in earlier days ever intended it should go, and that it is bodily placing in the Federal courts of the Nation, in courts presided over by men appointed for life, the unquestioned right and privilege of penalizing every sheriff, every peace officer, every judge, and even every Governor of every State, if he fails, forsooth, to be as diligent as the owners think he should be in protecting the property of those whose employees are out on strike.

Mr. President, I deny that this is an "antilynching" bill. The public, the great body of the citizens of the country, have been led to believe that we have in this bill a simple measure against lynching. I assert that if the bill should become a law not only would it affect the so-called "14 lynchings" which occurred in the country in 1934, but I assert that in the first year of its operation there would fall under the terms of the proposed law more than a thousand cases arising all over the Nation which would not even remotely in any sense of the word touch a lynching.

Standing here before this body, following the fights which have been made upon this floor in which I have frequently joined, I do not concede that the Federal courts should have the authority which has been exercised to suppress labor organizations. Nor do I propose to sit silently and permit anyone to cast a vote without having it called to his attention in language that he must understand if he will listen that whoever shall vote for this measure will be voting to crucify the organized laborers of the country upon a cross of so-called "idealism" with respect to one particular subject.

Before I proceed with reference to the discussion of that feature, however, I desire to deny that there was any lynching in the State of Alabama in 1934. It has been stated there were 14 lynchings in this country in 1934 and that 1 was in Alabama. I have investigated to see what it was that was designated as a "lynching." I found to my utter amazement that it has been charged that a lynching occurred in Jefferson County in 1934. That is the county of my residence. I do not recall that there has been any overt act in that county with reference to lynching, except on one occasion, during the past 30 or 40 years. At the time that overt act occurred, the sheriff of Jefferson County, Ala., met the onrushing mob at the doors of the jail, jeopardized his life, killed those who were in the lead, and wounded many others. This was done while he was protecting his prisoner.

The only case I recall when there was a near mob was when a colored man was accused of raping three colored girls in Birmingham, Ala. It was necessary to protect him from the outraged members of his own race.

What was the so-called "lynching" which it is alleged occurred in Jefferson County, Ala., in 1934? I am making

this statement, not because it will affect the particular measure, but in justice to the people of that county. When I read the statement about the alleged lynching, I went over to the Congressional Library to read exactly what occurred in connection with the incident to which reference was made. I found that this is what occurred:

About a year and a half ago three girls who lived in Birmingham were up on Red Mountain looking at the sunset. A colored man came to them with a pistol and forced them to accompany him down into the woods. For about 4 or 5 hours they were tortured. All three of them were left for dead. Fortunately one of them lived. She dragged herself to the waiting automobile and drove to her home. Every endeavor was made to find the man who committed the crime. Perhaps 150 men were brought for identification. She said that none of them was the man; that she would know him anywhere she ever saw him so long as she lived.

Several months thereafter, at a time when her father was with her, she pointed out a man on the street. She said, "There is the man." The man was arrested and taken to jail. He was tried, convicted, and sentenced to hang. The case went to the Supreme Court of Alabama and was affirmed. The case came to the Supreme Court of the United States and was sent back and thereafter the Governor of the State of Alabama, believing that there might have been a mistake in the identification, commuted the sentence to life imprisonment.

It was shortly after this crime occurred that three girls in the city of Birmingham, who had started to a meeting shortly after dark, were met on the street by a colored man with a pistol and told to go with him. They asked him what for. They said they had no money. He said, "Come on and I will show you." He had a pistol. A struggle ensued. One of the girls broke away. She rushed to the nearby meeting which the girls had intended to attend. She sounded the alarm. Citizens left that meeting, rushed to the spot, and found the other two girls engaged in a struggle with their assailant. The assailant shot at the men who had rushed to the scene. They started after him. Shots were exchanged and the man was killed.

That is one of the so-called "14 lynchings" which occurred in the United States in 1934. There has been charged to the State of Alabama a lynching by reason of the fact that the men who were notified what was occurring and went to save the girls would, under the terms of the bill which it is now sought to bring before us for consideration, if it applied to that kind of crime, have been liable to punishment by incarceration in the penitentiary if they had failed to listen to the cries of this assailant. It is charged that this was a lynching.

I have mentioned this occurrence because I resent the statement that there was a lynching in that county and in that State in 1934. There have been lynchings in the past. In my judgment, each one was one too many, in my State or any other State. I may say, in reference to what the Senator from Oklahoma [Mr. GORE] has just suggested, that under the common law—the very law that is cited in the brief to support this bill—it was not only the right but the duty of citizens to follow their assailants until they got to him, and it was not their duty to stand and permit themselves to be killed, even though someone might later say that they had violated the law.

Mr. President, I now desire to refer to just one other incident which happened in that county while I was the prosecuting attorney.

A colored man was charged with the crime of rape. He was identified by two girls. I mention this incident because it is stated that in some sections the sentiment is always against the man on trial. A lawyer was appointed to defend him. The lawyer now lives in the State of Illinois. He did defend the colored man. The defendant was identified from the stand by two witnesses. He pleaded an alibi, and his alibi was that at the time the crime was alleged to have been committed he was committing a burglary. He produced evidence that a burglary had been committed on that night at that time. He not only said that he had committed the burglary but, when asked what his occupation was, he said he was a burglar. The defendant was acquitted by the jury in Jefferson County, Ala., the county in which it has been publicly stated this lynching was committed.

Mr. President, I am very happy to say that the sentiment in the section of the country from which I come against the crime of lynching has increased marvelously during the past few years. The records will show convictions in the State of Alabama for failure to protect prisoners. I am of the opinion that if there were any one thing needed to reverse this salutary and wholesome growing sentiment against lynching, if there were any one thing that could reverse the trend, it would be the passage of a measure entrusting the trial of such matters to the Federal courts of the Union.

That is not the sentiment of a day; it is a sentiment of generations. Even before the War between the States was fought, Alabama was one of the States which followed the Jeffersonian idea that the courts of the State, not the courts of the Federal Government, should be trusted to enforce the laws with reference to the habits and customs within the State.

After the war was fought the State of Alabama, along with other States in the South, had a baptism of blood. It was subjected to the cruel and grueling punishment inflicted by reason of the tenacity and ruthlessness of a man who took the position that the Southern States were conquered provinces. Federal soldiers were quartered in the homes of the people of my State. Those transactions at that time aroused the opposition of the liberal thought of the Nation. Those who will consult the publications of those days will see that the voice of the liberal-thinking people of the country was finally heard. It took a great number of years, however, for them to recognize the fact which political philosophers had been expounding throughout the ages—that even though a province should be conquered, a wise conqueror left its local habits, customs, and manners untouched.

We all know the history of that period; and I mention it only because the bill under discussion to-day is a lineal descendant of the type of thought that placed the heel of the military oppressor upon the people until they could tolerate it no longer. I am glad to state that at that time men who lived in other sections of the country opposed the measures advanced, such men as the great Voorhees, of Indiana, the "tall sycamore" whose voice was raised in this Capitol time after time in the effort to bring about a return of sanity in a day when emotionalism had swept good, honest, idealistic people from their feet and had caused them to attempt things that could not possibly be performed. The laws of that day were a curse to those they were supposed to benefit as well as a curse to those they were supposed to punish.

I desire to call attention to the fact that in this Capitol there is a statue erected to a distinguished Alabamian. In 1865–66 that distinguished Alabamian went over the State of Alabama to convince the people that they should accept the verdict of the war. He persuaded them that they should build schools in which to educate those who had only recently been slaves. He not only stood for their education, but he stood for the extension to them of the right of suffrage. That man was Mr. J. L. M. Curry. That was not his sentiment alone; it was the sentiment of the sound-thinking people of the State; and it would have continued to be the sentiment of the sound-thinking people of the State if others had not entered that State on account of laws that were enacted at this Capitol largely for political advantage. Had that not been done, the solution of the great problem of two races living together side by side would not have been so much retarded.

I call attention to this fact in order that I may point out that frequently laws which on the part of some are designed for the most benign purposes fail to accomplish those purposes. They react, because, whether the condition to be affected is in the State of New York, the State of Indiana, the State of California, the State of Alabama, or any other State in the Union, we must take into consideration the

fact that, after all, this is a democracy; and unless we desire to turn over the administration of the laws to the military authorities, in the final analysis we must depend upon the sentiment of those who enter the jury box.

Mr. President, with those prefatory remarks I desire to call attention to the bill which is now before us. I state again that, while it is called in the press an "antilynching bill", that is a misnomer. I admit that lynching is included in it; but it would constitute such an infinitesimal part of the things affected by the bill that it is a misnomer to call it an antilynching bill.

I do not believe the Senate would willfully and deliberately pass a law which would subject the sheriff of a State to 25 years' imprisonment in the penitentiary if he neglected to protect a mine from striking miners. I assert—and I maintain that any court would so hold—that the bill would impose a penalty of 25 years in prison upon a sheriff not only for failing to protect an individual whose personal safety or life was in danger but would inflict a penalty of 25 years in prison for failing to protect property from striking miners or other striking employees.

Mr. BANKHEAD. Mr. President, will my colleague yield?

Mr. BLACK. I yield.

Mr. BANKHEAD. The Senators upholding the bill ought to hear the able argument being made by my colleague. Therefore I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McKELLAR in the chair). Does the senior Senator from Alabama yield for that purpose?

Mr. BLACK. Mr. President, most of the Senators were present at the time the roll was called a little while ago, and if my colleague would consent, I should prefer not to have a quorum called again. I understand there are a great many Senators who feel that they are perfectly familiar with the bill, and there are some, perhaps, who would still be of the opinion, as stated by the newspapers, that it is an antilynching bill. Therefore they would say, "We have to be for it." I assert that if the bill shall ever become a law, those Senators will then have called to their attention what they have perpetrated to enslave the workers of the Nation.

Mr. President, I have carefully analyzed the first paragraph of the pending measure, which is the foundation of the entire bill. The first paragraph defines what a mob is. I assert that there has not been a gathering of strikers during the last 20 years, as a consequence of which there was injury to any person or any property, where the case, if they had been arrested under State authority, could not, if the bill had been the law, have been removed to a Federal court, and they compelled to defend themselves before a judge who was appointed for life instead of a judge selected by the voters in the district where the alleged crime was committed.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BORAH. The Senator is now discussing a phase of the bill which is very interesting to me. As I understand the measure, it really provides that if a certain number are congregated together for a certain purpose, then the Federal question may be invoked.

Mr. BLACK. That is correct.

Mr. BORAH. But if one individual alone is acting in the particular matter, the Federal Constitution does not apply?

Mr. BLACK. That is correct.

Mr. BORAH. If that be so, it seems to me the argument ought to be concluded very readily, because we certainly have not one Constitution for a half dozen and another Constitution for an individual.

Mr. BLACK. I should like to invite the Senator's attention to the fact that one of the things the measure would do would be to give a change of venue from a State court to a Federal court at any time when someone was willing to make an affidavit that three or more people had gathered together, and as a consequence thereof—note the word "consequence"—someone had been deprived of due process of law or the equal protection of the law. Every time a man is killed he is deprived of due process of law. Every time a striker is given an advantage—and it is always alleged that the sheriff gives strikers an advantage over strikebreakers—the strikebreaker is deprived of the equal protection of the laws.

Under paragraph 2, which I shall discuss later, a paragraph so ably argued in the report on the bill, it is not necessary that a person be killed or injured; for one is deprived of due process of law if his property is damaged by a group of men. If property were damaged by strike breakers, and the charge could be proved—and, I regret to say, such a charge is too frequently proved—that instead of strike breakers damaging the property, actually strikers damaged the property, what would be the result? Those doing the damage would be held for the Federal court upon a mere affidavit by one special officer of the employer, and when they got into the Federal court, they would be tried by a judge appointed for life, who could not be removed by the votes of his peers in the county.

We have, following that, a reversion not merely to the old anti-injunction law—which many Senators have taken credit for supporting in connection with this bill—but it goes further than any court could have gone in an injunction. It would subject strikers to imprisonment, not for 6 months but for 6 years. It would subject a sheriff, not to impeachment alone but to 25 years' imprisonment in the penitentiary, if he failed to exercise that diligence which the Federal court might decide he should have exercised in order to protect the property of a company whose men had gone out on strike, perhaps, because they were not receiving decent wages, or because they were being worked contrary to contract, or contrary to Federal law.

Someone may say, "You are mistaken. This is an antilynching bill." The same thing might have been said of the fourteenth amendment.

I have divided the first paragraph as it must be read by the court, and I invite Senators who have the bill before them to follow me and see if I misquote any part of it. I have divided the paragraph into five parts to show what is designated as a mob. Remember, if there is a mob, immediately the case becomes a Federal case if something happens as a consequence of the actions of the mob. A special officer of a company can make an affidavit that the State courts did not afford due process of law, and the case would go to the Federal court.

Let us consider the first part:

> The phrase "mob or riotous assemblage" * * * shall mean an assemblage composed of three or more persons acting in concert, without authority of law, for the purpose of killing or injuring any person in the custody of any peace officer.

If it were desired to have an antilynching bill, that would limit it to some appreciable extent, although it happens that I have tried cases where under such a provision those who were out on strike could have been taken before a Federal court.

Let us read no. 2:

> The phrase "mob or riotous assemblage" * * * shall mean an assemblage composed of three or more persons acting in concert, without authority of law, for the purpose of killing or injuring any person—

Note this—

> suspected of, charged with, or convicted of the commission of any crime, with the purpose * * * of preventing the apprehension or trial or punishment by law of such person.

These two particular provisions come nearer limiting the bill than any other provision in it. Yet, under the illustration which I gave on the floor of the Senate a few days ago, they would include the group of miners down in Alabama who unfortunately engaged in an altercation a few months ago.

Let me read no. 3:

> The phrase "mob or riotous assemblage" * * * shall mean any assemblage composed of three or more persons acting in concert, without authority of law, for the purpose of killing or injuring any person * * * suspected of, charged with, or convicted of the commission of any crime, with the * * * consequence—

Note—

> with the consequence of preventing the apprehension or trial or punishment by law of such person.

There is a vast difference between charging a purpose and a consequence. In other words, if a person should happen to be killed or injured or removed, the case would go to the Federal court.

Now let me read no. 4, because it is no. 4 and no. 5 particularly to which I desire to call attention in connection with the brief filed in support of the bill:

The phrase "mob or riotous assemblage" * * * shall mean an assemblage composed of three or more persons acting in concert, without authority of law, for the purpose of killing or injuring any person * * * with the purpose * * * of depriving such person of due process of law.

What is due process of law? It is the right to be tried in a court. Every time one man meets another and has an altercation with him and kills him, the person who is killed is deprived of due process of law. If one injures another without cause, the person injured is deprived of due process of law. The only right any citizen in this country has to lay his hands on another man is under authority of law; and certainly if three or more miners, or three or more railroad men, or three or more workers of any kind or type, meet together, it is easy to charge, if they are on a strike, that they met for the purpose of injuring somebody; and if, after that, someone is injured, of course, the strikers can be taken right straight into Federal court upon an affidavit by the special officer of the company.

Let me read the next one:

The phrase "mob or riotous assemblage" * * * shall mean an assemblage composed of three or more persons acting in concert, without authority of law, for the purpose of killing or injuring any person * * * or * * * depriving such person of the equal protection of the laws.

The last two clauses which I have set out in connection with paragraph 2, to which I shall refer in a moment, would make this bill the strongest weapon which has ever been placed in the hands of the employing groups of this country to destroy every association of working men where they attempted to protect their rights, to protect their wages, and to protect the working conditions of their lives. Let me say why I make that statement. I desire to call attention to the statements made in the report as to the objects and purposes of this bill and why it is legal.

In the first place, if Senators will read the report they will see on page 5 a very lengthy argument to sustain the view that it is necessary to construe this bill most liberally. Cases from the Supreme Court are cited for that purpose. It is said that it is necessary to construe it most liberally in order to effectuate what is said to be the purpose of the fourteenth amendment.

In the next place, some Senators may think that the measure affects a State only when it fails in its corporate capacity to do something to protect those who are charged with a crime. That is not the case at all. If Senators will look on page 6 of the committee report, they will find that the brief asserts that the bill affects the State if the State acts in its corporate capacity, or fails to act in its corporate capacity, through its Governor, its executive officers, sheriff, policemen, deputy sheriffs, constables, through its judiciary, its judges, through its ministerial officers, even down to the lowest one of all the categories of officials in the State.

Not only that, but Senators will find in the brief a case from the Supreme Court which states that the State would be bound by the action of the lowest ministerial officer, even a policeman, even though he were acting directly contrary to the law of his State and directly contrary to the Constitution, which is the fundamental law of each State of this Union.

In other words, let us assume that the constitution of the State—any State we may see fit to take—has a prohibition against doing a certain thing. A sheriff, a peace officer, a justice, a deputy sheriff, or a constable acts directly contrary to the statute and the constitution of that State. If Senators will look on page 6 of the committee report, they will find the argument made by Mr. Tuttle to the effect that even though the State officer acts directly contrary to law his action is fastened around the people of that State, and even though it should be the poorest county in all the Nation, if by that officer's neglect—not his criminal action but even his neglect—someone is injured and thereby deprived of due process of law, a verdict for as much as $10,000 can be rendered against the county, even though the action was contrary to a State law, contrary to county administration, and contrary to the belief of every other citizen in the county.

Not only that, Mr. President; but after the judgment is obtained the persons who claim to be injured can levy upon the courthouse in the county to collect the judgment, and can levy on the jail, thereby perhaps satisfying those who seem to think some criminals ought to have things made as easy for them as possible in the United States of America. That is in the bill.

If anyone has any doubt about the theory on which this bill is written, let him read the brief on page 6 in support of this measure, and see if the third argument given in favor of the constitutionality of this bill is not that the action of a ministerial or judicial or executive officer in a State fastens liability on the State, even though the action is contrary to the desire and will and hopes and aspirations and laws of all the other people in the State.

If anyone doubts that the bill is intended to apply to the action of municipal officers, constables, mayors, policemen, street sweepers, all the way to the governor, I ask that he read the brief on pages 8 and 9. Senators will find not only that the argument is made, but they will find, in addition, that an opinion of the Supreme Court of the United States is cited to sustain the viewpoint that if the Congress has any power to enact the proposed law, it has the power to go just to that extent. In other words, if the State of New York or the State of California or any other State in the Union should adopt in its fundamental law a prohibition against lynching—as all of them have, according to my information, either under the crime of murder or specifically designating it is lynching—if its Governor were opposed to lynching, if all its officers but one were opposed to it, under the authority cited, if this bill should become a law, one petty officer in one little county could bring his people under the operation of this bill not only by his direct action but by his failure to act; not only by his deliberate failure to act but by his negligent failure to act!

I wonder how many Senators who have so glibly stated they are for this bill knew that a fine could be imposed upon counties of their States because a peace officer was negligent in the performance of his duties; and not only a fine but the peace officer, not for criminal intent, not for deliberate action, but because, forsooth, he had failed to measure up to the standard set by the Federal court, could be sent to the penitentiary at Atlanta or to any other penitentiary in this country for a period of 25 years. The bill so provides. I wonder how many of those Senators who always take the liberal side of legislation, who realize that history has shown that harshness of punishment is the attribute of a despotism, and that leniency in the way of punishment is the characteristic of a democracy, and who have stated that they would vote for this measure, knew that if a little sheriff in a rural county of their States should exercise wrong judgment and a man should be killed and deprived of due process of law, that little country sheriff could be jerked into the Federal court and sent to the penitentiary for 25 years.

I assert that such punishment could be meted out to him, not because he had deliberately committed a crime but because he had been negligent in the performance of his duties.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield.

Mr. TRAMMELL. I very much appreciate the able speech being made by the Senator from Alabama. I wish to make an inquiry of the Senator.

I have scanned the bill, every word of it, two or three times. I am unable to find where the bill provides any effort at retribution or any effort at compensation to the person,

we will say, who has been ravished, or the members of such a person's family. The proponents of the bill do not seem to think the members of such a family should have the county fined and that penalties should be imposed to compensate the family. Does the Senator find anything of that character in the bill?

Mr. BLACK. There is nothing in the bill which provides for compensation for anyone except one who is injured or killed by a mob, where three or four are gathered together.

Mr. TRAMMELL. I should like to know why such a distinction is made.

Mr. BLACK. If, perchance, someone had been murdered, and citizens should become infuriated and they went out after the murderer and took the law into their own hands, the county where that occurred would be held liable. Not only that, but if they took the man into another county, even though no one in that other county knew he had been taken there, as I happen to know was the case in one instance, where he was taken just over the line at night, the county where they had taken the prisoner or the person would have to pay half the penalty, and there would be no compensation of any kind to the person who had been originally killed. The Senator is correct.

Mr. TRAMMELL. That is the point I wish to make inquiry about. It seems to me the authors of the bill were more solicitous of the person who may have suffered the fate of being lynched than they were of the victim of the criminal who outraged the public to the point of bringing about the lynching, for if they had not been, why did they provide for fining a county and getting compensation from a county for the members of the family of the one lynched, who, in the first instance, provoked the mob? I should like very much to see the authors of this bill and those supporting it more solicitous in behalf of the absolutely innocent ones and their families.

Mr. BLACK. I might say to the Senator that, so far as my own personal views are concerned, I am inclined to the belief that I would favor a general law which provided where a person is killed or murdered in any way and leaves dependents, that the laws which owed him the duty of protection should see that his dependents are taken care of. I do think, however, it is wholly unfair to provide such compensation for some and not provide it for others.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Montana.

Mr. WHEELER. I understood the Senator to say a moment ago that if any officer of the law had in his possession a prisoner charged with a crime, and negligently let somebody get that prisoner away from him, he would subject himself to imprisonment for 25 years. I do not find such a provision in the bill.

Mr. BLACK. I ask the Senator to read the report.

Mr. WHEELER. I do not care what the report says; I should like to have the Senator point out to me some provision to that effect in the bill.

Mr. BLACK. Certainly. I pointed out in the beginning before the Senator got here what is included in this bill.

Mr. WHEELER. But on page 3, section (b) provides that—

Any officer or employee of any State or governmental subdivision thereof——

Mr. BANKHEAD. Mr. President, I rise to a point of order. I should like to follow the debate but I cannot hear what is going on.

Mr. BLACK. I will read the exact language to the Senator, beginning at the bottom of page 2:

or any officer or employee of any State or governmental subdivision thereof charged with the duty of apprehending, keeping in custody, or prosecuting any person—

This includes judges, Governors, prosecuting officers, sheriffs, policemen—

participating in such mob or riotous assemblage who fails, neglects, or refuses to make all diligent efforts to perform his duty in apprehending, keeping in custody, or prosecuting to final judgment under the laws of such State all persons so participating, shall be guilty of a felony, and upon conviction thereof shall be punished by a fine not exceeding $5,000 or by imprisonment not exceeding 5 years, or by both such fine and imprisonment.

I assert that under that the prosecuting attorney of the county where the Senator lives, the sheriff of the county where the Senator lives, a policeman of the county where he lives, the Governor of the State where he lives may be taken into the Federal court and charged with neglect of duty for failing to protect the prisoner and for mere negligence may be sent to the penitentiary of the Federal Government for 5 years; and I assert that it is barbarous and inhuman even to make such a suggestion in a civilized country.

Mr. McGILL. Mr. President——

The PRESIDING OFICER. Does the Senator from Alabama yield to the Senator from Kansas?

Mr. BLACK. I yield to the Senator.

Mr. McGILL. I observe from section 5 of the bill that it attempts to fix civil liability attaching to a county in favor of the person injured or the legal representative of the person injured. The county being a subdivision of the State, of a different sovereignty, deriving its powers under the laws of the State, I should like to inquire of the Senator whether or not he feels that the Federal Government, a separate sovereignty, has authority by act of Congress to fix civil liability of any subdivision of a State such as a county?

Mr. BLACK. I will state to the Senator that I have not undertaken to present any of the constitutional phases of this bill because they have been very ably presented by others who have preceded me. I will state, however, that it would certainly be a paradoxical situation if the Federal Government, not founded upon the idea of enacting laws with reference to crime which affect individuals within a State, could have given to it the responsibility of sending to jail the officials of the communities that have been fixed with the responsibility because they failed to enforce the laws for which they alone were responsible. In other words, we will certainly all admit, I think, that the Federal Congress has no right to enact a law against murder in the State of Kansas; that is a question for the State of Kansas. The Federal Government has never attempted to do such a thing; but we find ourselves in a situation where, although the Federal Government cannot enact such a law, except insofar as it affects Federal property for the acquisition of which the Government obtained the consent of the legislature in advance, the authority is here attempted to be given to it to send local officers, charged with the duty of enforcing their own laws, to the penitentiary because they neglect to enforce the laws which they alone can write. Not only that, but we find that Federal authorities could paralyze the hands of the local communities by levying on their jail and on their court house at the same time when they are supposed to have the authority to pass laws and to preserve order within their jurisdictions.

Mr. BORAH. Mr. President——

Mr. BLACK. I yield to the Senator from Idaho.

Mr. BORAH. If any such power as that exists, it must be possible to point to the provision in the Constitution of the United States which grants such power. I should like to know what is the provision upon which reliance is placed for the exercise of such power.

Mr. BLACK. The Senator will find that in the brief which is embodied in the report.

Mr. BORAH. Yes; I read the brief.

Mr. BLACK. They attempt to rely on two separate clauses of the Constitution. One is that the Federal Government shall guarantee a republican form of government to each State, and the other is the fourteenth amendment.

Mr. BORAH. So far as the guaranty of a republican form of government is concerned, that seems to me utterly irrelevant; I do not think it has anything to do with the proposition at all. The other is the fourteenth amendment, in reference to denying due process of law. How would we know whether due process of law had been denied until the authorities, the courts, who administer the law

within the States had been appealed to and had refused to protect the individual?

Mr. BLACK. Of course, the authors of the bill set up in section 1 what they say should be construed to be a denial of due process of law, and that would be if for 30 days the prosecuting attorney and the judge and the sheriff had failed to catch a man and to try him and to convict him and send him to the penitentiary. If 30 days elapse without all that being done, anyone could go to the Federal court, make an affidavit that he had been denied due process of law, in spite of the fact that in many of the Federal courts of this country it would take 5 years to give him a trial.

Mr. BORAH. If that could be done with reference to a case where a number of people had congregated, if the district attorney or sheriff failed to catch a single one of the individuals who had committed the crime, appeal could be had to the same principle precisely, that due process of law had been denied.

Mr. BLACK. There can be no possible doubt about that.

Mr. BORAH. In other words, if this principle is correct, the Federal Government may step in and take over completely and absolutely the administration of the criminal laws of the State on the theory that they were not being properly administered.

Mr. BLACK. That is absolutely correct. It may take over the law governing each separate community in the United States. If that be correct, there never was any reason for the adoption of the fourteenth amendment.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Texas.

Mr. CONNALLY. The suggestion of the Senator from Idaho is certainly a most pertinent and comprehensive one. Let me suggest to the Senator from Alabama that if a man's life is taken or he is injured by one individual, has not his right been infringed to the same degree as if he were killed or injured by three individuals?

Mr. BLACK. Certainly he would be just as dead, if killed by one, as if he had been killed by three.

Mr. CONNALLY. If the Federal Government has the power to intervene in a case because three individuals are acting in concert, why would it not have the power to enter the State in any case where a man was murdered or his property was despoiled or where, on any kind of a claim, his rights under the fourteenth amendment were not guaranteed to the same extent that some other citizen's rights were guaranteed? Why could not the Federal Government step in, not only as to his personal safety but as to his property rights, because the fourteenth amendment applies as well to property rights as it does to individual rights?

Mr. BLACK. That fact as to property rights is pointed out in the brief.

Mr. BORAH. Mr. President——

Mr. BLACK. I yield to the Senator from Idaho again.

Mr. BORAH. Some of the large cities have had great difficulty in enforcing the law. There has been almost a reign of terror in some of them. Machine guns in the hands of criminals wounding and killing people.

Mr. BLACK. Yes; in some of the cities even more than 14 have been killed in 1 year.

Mr. BORAH. If there is any justification for the Federal Government moving into the States and undertaking the enforcement of the criminal law in the instances which are cited by this bill, there would be no exception, and the people of the cities would have a perfect right to invoke the Federal Government to take charge of the enforcement of the criminal laws in the cities.

Mr. BLACK. The Senator is correct. If the law should be carried to its logical conclusion Tammany could not supply enough officers in New York City; they would exhaust their entire roster in 3 years, because the remainder would go to the penitentiary.

Mr. BORAH. Not only that but, in all probability, if the Federal Government should move in, it would take entire possession of Tammany.

Mr. BLACK. Of course, they would soon take possession of it, because if Senators will examine the Wickersham report and see how many have committed crimes in the city of New York who have not been apprehended and who have not been punished and who have not been convicted, and if they will also consult the records and ascertain how many times it has been charged that the failure of that city and of other cities to punish was because of improper motives of officials and improper influences brought to bear upon them, they will understand how it would be impossible for any political organization to supply enough officials from day to day, from week to week, from month to month, from year to year to take the places of those in the ever-continuing procession going to the penitentiary.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. BLACK. Certainly.

Mr. GORE. I may be under a misapprehension and for that reason I should like to ask the Senator a question. Under the terms of the bill which it is sought to bring before the Senate, a State court would not be divested of jurisdiction and a Federal court would not be vested with jurisdiction unless and until some individual made an affidavit?

Mr. BLACK. Someone could always be found who would make an affidavit. It is usually easy to find someone who will make an affidavit. I very seriously doubt, under the bill, whether a man could plead former jeopardy if he had been tried in one jurisdiction and later should be indicted in the other. I do not believe he could.

Mr. GORE. My point is that jurisdiction to be vested under the terms of the bill would depend upon one individual making an affidavit.

Mr. BLACK. Certainly taking the case to the Federal court would depend upon one individual making an affidavit. As the Senator from Idaho [Mr. BORAH] has well pointed out—and I concede it absolutely—if the Federal Government has the power to punish where three or more have committed a crime in a State, there is no earthly reason why it does not have the same power to punish where one has committed the identical crime. The individual is just as dead when he has been shot and killed by one as when he has been killed by three.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. BLACK. Certainly.

Mr. BAILEY. In the light of the very clear statement by the Senator from Idaho [Mr. BORAH], which no one can successfully contradict, I wish to suggest that those who are opposing consideration of the measure are fighting, first, for the lives of the 48 States which constitute the Union, and are fighting, second, for the character of the Union itself.

Mr. BLACK. I may say to the Senator in that connection that we are fighting against the philosophy declared by Mr. Charles Sumner when he said the Southern States had committed suicide. That was the entire philosophy upon which he based his attack upon the South shortly after the war. He took the position that those particular States had committed suicide. Mr. Stevens took the position, not that they had committed suicide, but that they were conquered provinces.

As the Senator from North Carolina has well pointed out, it is certainly true that if this bill can be enacted into law, whether or not the States committed suicide, they would be murdered by the representatives whom they had sent to the Capitol in the city of Washington.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. Certainly.

Mr. BORAH. It ought to be said that Mr. Lincoln had the directly opposite view to that of Mr. Sumner and Thaddeus Stevens. The views of Sumner and Stevens were combatted by President Lincoln so long as he lived.

Mr. BLACK. The Senator is correct. So did President Johnson. It was by reason of President Johnson's coura-

geous stand for the principle for which he stood, it was on account of his standing up like a man in the face of a hostility second to none that has ever been heaped upon an individual in the White House, that he was dragged into this Capitol and subjected to the indignity of a trial.

At that time there were certain idealists in the country who were asserting that President Johnson was wrong and they were praying in certain church organizations in the United States not that justice should be done, but that the Senate should vote to impeach President Johnson.

Telegrams were sent by the hundreds and by the thousands, prompted by idealism, I admit, but prompted by an idealism which concealed and blurred reason, sanity, and judgment, and which, if their principles had been adopted, would have made of our Republic one Union with no State line of any kind, with no privilege of any community to adopt any law which every other community did not adopt, regulating their habits and their customs.

Mr. President, it might be appropriate at this time for me to state, with reference to one part of our system of government, one thing in connection with which I am of the opinion that time itself has wrought changes and conditions.

Mr. BAILEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Alabama yield for that purpose?

Mr. BLACK. I do.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson	Pope
Ashurst	Coolidge	Keyes	Radcliffe
Austin	Copeland	King	Robinson
Bachman	Costigan	La Follette	Russell
Bailey	Couzens	Lewis	Schall
Bankhead	Dickinson	Logan	Schwellenbach
Barbour	Dieterich	Lonergan	Sheppard
Barkley	Donahey	Long	Shipstead
Bilbo	Duffy	McCarran	Smith
Black	Fletcher	McGill	Steiwer
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Gerry	Minton	Townsend
Bulkley	Gibson	Moore	Trammell
Bulow	Glass	Murphy	Truman
Burke	Gore	Murray	Tydings
Byrd	Guffey	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walsh
Carey	Hatch	Overton	Wheeler
Clark	Hayden	Pittman	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. BLACK. Mr. President, one of the tragic things about this measure is that there are some who are attempting to seize upon it for political advantage in order to try to prove their friendship for many voters in this country, although history does not record that in their political efforts in that regard heretofore they have raised the standard of living of those they claim to love, nor have they added to their opportunities for a more abundant life.

Some sentiment of that kind has been created, and therefore some of those who are so anxious at this time to have this measure voted upon that they vote practically in a solid block believe that by doing this they can cause the people of the country to forget their history with reference to economic affairs. I refer at this time particularly to those "regulars" on the other side of the Chamber who belong to the party of Mr. Mellon, and who subscribe to the idea that he was the greatest Secretary of the Treasury the world has ever known, and who hope by reason of this particular measure again to get a foothold in the political arena, and to cause the people to forget that in reality their interest is not in the large group of voters whom they hope to pacify and win by their action; but their desire is again to place the country in the grip of the same predatory and privileged interests that practically brought us to destruction at the end of 1929. It is a sad and tragic thing to me that some of those who are most liberal in their views, and who really honestly desire to raise the standard of opportunity of the great masses of American men and women belonging to all races, find themselves at this juncture fighting side by side with the apostles of special privilege and greed.

Mr. President, it is my belief that if any administration in all the history of mankind has shown an honest desire to raise the standard of living of the great masses of American men and women, it is the present administration. Whether or not one agrees with the methods adopted, it is difficult for me to understand how anyone can deny this fact.

We have under consideration at the present time by the Finance Committee a bill for social security, a bill which will affect millions and millions of American men and women, irrespective of race or creed or color. That bill, if enacted into law, will give a ray of hope to millions of men and women who are now in despair. It will not affect possibly 14 individuals; it will affect millions of individuals.

While I do not agree in detail with each of the provisions of that measure, in my judgment, it is one of the most forward and progressive steps for giving security to the underprivileged of this Nation that has ever been proposed since this became a self-governing country; and yet we find ourselves now unable in this body to continue preparation for that measure, to consider the payment of the soldiers' adjusted compensation, or to provide various other means of adding to the peace and hope and security of the men and women of the Nation, chiefly because, as I assert here, of the political pressure brought about, not in the main—and I do not refer to all individuals—by those who are really interested in the great masses of men and women of the country, but by some with the political hope that they again may seize the reins of government and continue to operate it not for the benefit of all but for the benefit of their favored few.

Mr. President, I had begun an analysis of the bill. I desire now to take up section 2, which provides that—

> If any State or governmental subdivision thereof fails, neglects—

Note the word "neglects" again—

> or refuses to provide and maintain protection to the life or person of any individual within its jurisdiction against a mob of riotous assemblage, whether by way of preventing or punishing the acts thereof, such State shall by reason of such failure, neglect, or refusal be deemed to have denied to such person due process of law and the equal protection of the laws of the State—

And for that reason, it is said, the bill is to be enacted.

Now let us refer for just a moment to the fourteenth amendment.

> All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. * * * nor shall any State deprive any person of life, liberty, or property without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

Did any Member of the Senate hear me read the word "corporation" as I read the fourteenth amendment? He did not. The word "corporation" does not appear in the fourteenth amendment. Did Senators note that out of 529 cases during a period of 10 years, 285 cases decided by the Supreme Court applied the fourteenth amendment to protect corporations? What does this section of the bill say, and what does every section of the bill say? It refers to injuring a "person." What is a person? Has not the Supreme Court said what a person is? Does not the fourteenth amendment provide that if a person is injured in his property without due process of law it shall be contrary to the Constitution? Is there anyone who thinks the Court would decide differently as to the meaning of the word "person" if this bill should be taken before them? What is meant by injury to a person known as a corporation? One cannot commit an assault on a corporation. One cannot murder a corporation. One cannot destroy a corporation's life by shooting it with a gun. There is only one way in which a corporation may be injured, and that is by injuring its property, and here, in a bill which the press has heralded as an antilynching bill, we find it provided that if two or more persons get together, and, as a consequence, a corporation is injured, they are depriving that corporation of due process of law. Hiding behind a senti-

ment against lynching, it is proposed now to have enacted a law which will fit the predatory interests of the Nation, and, as I have previously stated, will crucify every labor organization which exists in the United States of America.

How can such a corporation get into a Federal court? It is a very simple process; it requires only an affidavit. Every lawyer here knows how one now gets into a Federal court with a case involving over $3,000.

I might take occasion at this juncture to say that this is not the first time I have objected to more jurisdiction being given to the Federal courts. The great senior Senator from Nebraska [Mr. NORRIS] has had pending in this body for quite a number of years a bill which would reduce the jurisdiction of the Federal courts, and, if I am not mistaken, a great many of those who are here, and some who have indicated they would favor the so-called "antilynching measure", have supported the bill of the Senator from Nebraska.

If it be right to reduce the jurisdiction of the Federal courts instead of increasing it, as proposed by the bill of the Senator from Nebraska, why should we now rush over ourselves in order to add more jurisdiction to the Federal courts, presided over by judges appointed for life, to have them take jurisdiction of the matters affecting the daily life and customs and habits of the people of the country, and particularly to rush into the Federal courts the organized workers of the Nation every time three or more of them gather together?

Do not be deceived. If this bill should be enacted at the next session, Congress would be asked to reduce the number defined as a mob from 3 to 2, or to 1, and it would likely be done. It would certainly be done if those who have adopted reactionary policies should succeed in their political maneuvering and again find themselves where they can control the laws of the Nation.

Mr. President, there is no argument which can possibly be advanced to justify the conclusion that a murder committed by three can be removed to a Federal court and a murder committed by two must remain in a State court. There is no person who can advance any argument to sustain the contention that a murder committed by three can be removed to a Federal court and the murder committed by one can only be tried in a State court. So we find ourselves in this situation: The Federal Constitution leaves to the States the right to determine the type of criminal laws they will enact, and yet the Federal Congress is asked to say, "After you have enacted these laws, if you do not prosecute the violators and punish them within 30 days, we will take out of the hands of the State courts the right to prosecute and punish at all."

With reference to the provision in section 2 of the bill, that if the State neglects to perform its duties it shall be considered to have deprived someone of the equal protection of the laws, I have just a word to say. Note that that has no reference whatever to whether a man is a prisoner or not. It is not limited to natural persons; it includes artificial persons, which would cover corporations.

Let me invite attention in this connection to just what the committee reports a State to be. In other words, how does a State act? How is it going to neglect its duty? Let us turn to page 6 of the report, where I read the following from the brief:

> For the same reason the prohibitions of the fourteenth amendment apply to local officers as well as to the State-wide officers, for officers of counties, States, or other local subdivisions of government are in the ultimate analysis the repository of the power of the State. * * *
>
> So likewise in *Yick Wo* v. *Hopkins* (118 U. S. 356)—

Which case went up from California—

> it was held that a municipal ordinance to regulate the carrying on of public laundries within the limits of the city of San Francisco, which conferred purely arbitrary power upon the municipal authorities to give or withhold consent, was violative of the fourteenth amendment. * * *
>
> In *Tarrance* v. *Florida* (188 U. S. 519) Mr. Justice Brewer, speaking for the Supreme Court said:
>
> "The contention of plaintiffs in error is that they were denied the equal protection of the laws by reason of an actual discrimination against their race. The law of the State is not challenged but its administration is complained of. * * *
>
> "Such an actual discrimination is as potential in creating a denial of equality of rights as a discrimination made by law."

Again, it is said on page 6:

> In *Virginia* v. *Rives* (100 U. S. 313) it was said:
>
> "It is doubtless true that a State may act through different agencies, either by its legislative, its executive, or its judicial authorities."

Let me call attention to what this means. It means that the Governor of every State is brought within the provisions of the measure. It means that a charge can be made against a Governor for failure to have a man apprehended, to have a man tried, and to have a man convicted. It does not recognize the fact that the States have a right to try an accused man, but it means that the Governor places himself within the scope of this proposed law if he is negligent in the performance of his duty as Governor, and that question would have to be determined by the court and by the jury.

What else does it mean? It means that where a case was tried in court a charge could be made that the judge had been negligent in charging the jury. The charge could be made that he had been negligent in permitting certain evidence to be introduced in the case, or that he had been negligent in failing to reprimand counsel because counsel had made a statement which should not have been made, and the judge would be brought within the scope of the act, and he could be tried. It means that every prosecuting attorney in the Nation would have his actions reviewed in order to determine whether he had been properly diligent in prosecutions.

A few days ago the Supreme Court rendered a decision directly to the contrary of this hypothesis. The Supreme Court handed down a decision to the effect that it was not merely the duty of a prosecuting attorney to convict; that one of the highest and most sacred duties of a prosecuting attorney was to see that each side had its case properly presented to the jury. But under the pending measure the district attorney must walk with caution, he must plant his feet with care, because, forsooth, if he neglects to perform a single duty, he can be taken into a Federal court and tried, under the proposed law, for neglecting to perform his duty, and he can be sentenced to the penitentiary for a period of 5 years.

Mr. President, I do not believe there has ever been a civilized nation on earth which would send a man to the penitentiary for 5 years for plain, simple negligence. Yet those who have glibly said they are for the pending measure, if they vote for it, must vote to make it a crime to be negligent in the performance of duties and to convict a man and to put the stigma of a felon upon him for negligence, and to send him to the penitentiary for 5 years. Someone raised a question about this statement a few moments ago and asked me where that was provided, and I read the provision.

Let us go now to section 3. If this were merely an antilynching bill, as it has been so widely heralded to be, there would be no reason in the world for having any more in section 3 than the parts included in lines 15 to 24. Lines 15 to 24 provide that any person or employee of a State shall be included—and remember, that means governor, lieutenant governor, attorney general, secretary of state, probate judges, circuit judges, supreme court judges, inferior court judges, prosecuting attorneys, policemen, constables, deputy constables, street sweepers, all the employees of the State. If any Senator has any doubt about it including all of them, let him read the report of the committee which reported the bill to the Senate. If any one of these—

> who is charged with the duty or who possesses the power or authority as such officer or employee to protect the life or person—

And remember, "person" includes a corporation; it included it in the fourteenth amendment, and it includes it here, and there is nothing in the world which can be said to deny that it includes a corporation—

> to protect the life or person of any individual injured or put to death by any mob or riotous assemblage or any officer or employee of any State or governmental subdivision thereof having any such individual in his custody—

Note—

who fails, neglects, or refuses to make all diligent efforts to protect such individual from being so injured or being put to death—

Then such person—

shall be guilty of a felony, and upon conviction thereof shall be punished by a fine not exceeding $5,000 or by imprisonment not exceeding 5 years.

What does that mean? That includes the judge of the county. He certainly is charged with responsibility for protecting the lives and persons of individuals put to death. The judge and prosecuting attorney certainly are charged with the duty of attempting to protect them. It includes them all. And not that for the first time in the history of any civilized government, except a despotism, so far as I have been able to read history, we propose to give the Central Government the power to send the prosecuting attorney to the penitentiary because a jury might think he had been too fair to the man he was prosecuting as a criminal.

I had always subscribed to the idea that a man was entitled to a fair trial; that he was entitled to be presumed innocent until he had been proven guilty beyond a reasonable doubt. I had thought that the laws of this Nation, instead of attempting to hold a club over prosecuting attorneys to force them to prosecute with harshness and with vigor, really were designed to the end that those carrying them out would act as the Supreme Court of the United States said last week they should act—to try to convict only the guilty, but to protect the innocent. But, lo and behold! in this bill, which is called an antilynching bill, we have a new and novel doctrine announced in this democracy for the first time. Each prosecuting attorney, all over this Nation, when he is called upon to prosecute a man charged with a crime, has a sword of Damocles hanging over his head, with the knowledge that if he fails to prosecute as vigorously as some think he should he can be taken into the Federal court and there tried and sent to the penitentiary.

Let us suppose, as has frequently happened, that a strike has occurred. An individual miner or trainman—and I have tried both of them on such charges—may be charged with injuring a strike breaker. It is charged that three of them were present. Suppose a prosecuting attorney should decide the man was not guilty. Would he dare to tell the jury so? He would not. Would that prosecuting attorney dare to rise from his chair and tell the jury, "I believe that the killing of this miner was justified"? He would not. Why would he not? Because he would know that his Government, the Government of the United States, a democracy, had passed a law which subjected the prosecuting attorney to 5 years' imprisonment, and to have the stigma of felony put upon his brow if he neglected to do everything he could to convict that man.

Mr. President, let all who desire secure any political advantage they may think is theirs from attempting to force such a bill upon the American people. If it should pass, time will tell who was right. I state that there is no class in America which would be more injured by this bill than those who belong to the colored race, whose wages have frequently been so low as to be a crime against civilization and against decency, and whose wages have been raised more by organization of men than by any other method, and, practically, that has been the only method by which their wages have been raised, until the present administration began to secure the enactment of its legislative program.

I realize that someone may say, "Well, there has been some kind of a recommendation of this bill by organized labor." That is wholly immaterial. I make the assertion that if this bill should become a law, within 2 years from the date it was signed and went into operation there would be the greatest change in the position of organized labor this country has ever known in a like period of time, because this law would crucify organized labor, and the man in the ranks would know what was the matter.

I do not yield to any man on this floor in my loyalty to the ideas of good working conditions for the people of this country, white or black, or any other type. I yield to none in the desire to see that they receive an honest compensation for an honest day's work. If I had my way about it, I would make the minimum wages higher than they now are. I yield to none in my desire to see that they have good working conditions as to hours and the conditions in which they toil. But I state, Mr. President, that nothing could be more absurd or more ridiculous than for people to come here at one session of Congress and fight and become elated over a victory which prevents the issuance of injunctions by Federal courts against strikers, and at the very next session of Congress come into this body and offer and pass a bill which makes a mob of any three or four strikers who gather together, as a consequence of whose actions somebody is injured or killed.

I pointed out a few moments ago that the injury can be to a corporation and that the injury can be to the corporation's property. It will be useless to pass 7 (a)'s; it will be useless to pass labor-disputes bills; it will be useless to set up a vast machinery to protect the rights of laboring people to organize, if at the same time we shunt them off into the Federal courts, the place they have always abhorred and detested, every time three or more of them are gathered together and somebody's property is injured or some person is injured.

I make another statement. The matter of injury to a corporation or its property cannot be eliminated from a bill of this type. It cannot be done. The Constitution says that laws must apply with uniformity. There is no attempt to eliminate those matters in this bill in the form in which it now appears. They are included. And yet we find that sometimes, perchance, the unions elect a sheriff, and, of course, when they do it is charged that he is too friendly to them. Now, let us suppose that such a condition has existed in a county, and there is a trial held in that county. The sheriff goes down and makes an investigation, reaches the conclusion that the strikers did not commit the crime they are alleged to have committed at all; that strike breakers had been utilized to plant an apparent crime. Suppose the sheriff should decline to arrest the strikers. Do Senators think that he would dare to decline to arrest them if somebody told him they were guilty? If he did, an affidavit could be made in the Federal court and the sheriff could be taken in and given 5 years' imprisonment for failure to perform his duty.

Let us consider the next part of this section:

Any officer or employee of any State or governmental subdivision thereof who is charged with the duty of apprehending—

Note this language—

apprehending—

That means catching. That includes the Governor and the sheriffs and the constables and police—

keeping in custody—

That would include the sheriffs and the judges, because the judges have a responsibility with reference to keeping in custody—

or prosecuting any person—

That includes the district attorney and the attorney general—

or prosecuting any person participating in such mob or riotous assembly—

Note—

who fails, neglects, or refuses to make all diligent efforts to perform his duty in apprehending, keeping in custody, or prosecuting to final judgment under the laws of such State all persons so participating, shall be guilty of a felony, and upon conviction thereof shall be punished by a fine not exceeding $5,000 or by imprisonment not exceeding 5 years.

What does that mean? It means that every time a prisoner escapes, somebody may have the Governor tried; it means that if the prosecuting attorney fails to prosecute he may go to the penitentiary; and the trial is taken away from the State where the crime was committed and is conducted by the Federal court. We find that some of those who have said that they favored the bill of the Senator

from Nebraska, designed to reduce the power of the Federal courts and their jurisdiction, in line with the fight made by Mr. Jefferson in the early days of the Republic, are now anxious to throw thousands of cases into those courts under the bill which is here pending, for, I assert, that even a careless reading of it will show that it is not limited to lynching.

Mr. CONNALLY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson	Pope
Ashurst	Coolidge	Keyes	Radcliffe
Austin	Copeland	King	Robinson
Bachman	Costigan	La Follette	Russell
Bailey	Couzens	Lewis	Schall
Bankhead	Dickinson	Logan	Schwellenbach
Barbour	Dieterich	Lonergan	Sheppard
Barkley	Donahey	Long	Shipstead
Bilbo	Duffy	McCarran	Smith
Black	Fletcher	McGill	Steiwer
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Gerry	Minton	Townsend
Bulkley	Gibson	Moore	Trammell
Bulow	Glass	Murphy	Truman
Burke	Gore	Murray	Tydings
Byrd	Guffey	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walsh
Carey	Hatch	Overton	Wheeler
Clark	Hayden	Pittman	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

(At this point Mr. SCHALL presented a letter, which was referred to the Committee on Agriculture and Forestry relative to the eradication of cattle diseases. His remarks and the letter appear elsewhere under the appropriate heading.)

Mr. BLACK. Mr. President, the interruption of the Senator from Minnesota [Mr. SCHALL] reminds me that he has placed in the RECORD several speeches vigorously upholding the rights of the States; it reminds me that he and others on the other side have been attacking the present administration to some extent for what they said was an invasion of the rights of the States. This bill would take away from the States which they represent the right to try in the local State courts any crime committed by more than three persons resulting in the injury or death of an individual, and would subject their sheriffs, their prosecuting attorneys, their judges, their Governors, their policemen, and constables and their deputy constables to trial in the Federal court, with a punishment of 5 years in the penitentiary for negligence in the performance of their duty. Yet great speeches have been made on State rights.

Mr. President, with reference to subdivision (b) of section 3, on page 3, I will state that if any Federal antilynching law be justifiable that section should be adopted. I have no criticism of subdivision (b) of section 3, if it be justifiable to enact a Federal antilynching law. I will state, however, that that section provides a 25-year punishment for an official who conspires to murder. In Alabama the punishment is death or life imprisonment; but if it be thought desirable to reduce the punishment provided by a State to 25 years' imprisonment, it will be perfectly all right to enact subdivision (b) of section 3. I may state that the records will disclose that in Alabama the law to which I refer has been invoked and juries have recognized it.

Now let us get down to section 4. I particularly call the attention of the gentlemen who are interested in the rights of their States and the rights of their State courts to section 4. That section confers jurisdiction on the district court in the district "wherein the person is injured or put to death by a mob or riotous assemblage." Of course, if by this bill we shall confer jurisdiction on the Federal courts where the killing or injury is brought about by three or more, we will reduce it to one the next time, because if it is proper to prosecute in the Federal court three who kill a man, it is just as necessary to prosecute one.

I deny the logic and the consistency of those who are so interested in the rights of individuals that when a murder is committed by three or four persons they would send the case to the Federal court, but if a murder is committed by one man they would have him tried in the State court.

SEC. 4. The District Court of the United States judicial district wherein the person is injured or put to death by a mob or riotous assemblage shall have jurisdiction to try and to punish, in accordance with the laws of the State where the injury is inflicted or the homicide is committed, any and all persons who participate therein.

That is the way jurisdiction is to be given to the Federal court, this great haven of refuge, the Federal court; this great repository of knowledge and wisdom and justice, the Federal court; this great safeguard presided over by men appointed for life by an individual who is so much better qualified to preserve the rights of the people than is a court presided over by a man elected by the people themselves.

It is a little strange to me that in the main those who we would suppose would stand by the old liberal theory of letting the people elect as many of their officials as possible are pushing with vigor the idea of doing away with the State courts for the protection of the people and seeking to send them into a court whose judges they do not elect.

If I had my way, the Constitution of the United States would be amended so as to provide that Federal judges should be elected, because I believe in a democracy, and I believe in the election of judges by the people themselves. It has been said that judges so elected might be amenable to the people. Why should they not be? Whose Government is this? Does it belong to one man who has the appointing power? Do Senators who think that all wisdom and all justice repose in the Federal court subscribe to the gospel that we should extend still further the appointment of officers instead of having them elected by the people? I wonder if Senators on the other side who pay lip service to the man who said, "government of the people, by the people, and for the people", want the people to elect their judges, or if the reason why some of them are supporting the pending motion is that it is not seen that under the bill citizens can be rushed from all over the Nation into the arms of the Federal court, there to have their rights determined by a judge appointed for life.

So far as I am concerned, I am perfectly willing to trust to the justice of the people rather than to the justice merely of judges appointed for life. Let Senators who subscribe to the great principles of democracy explain why it is they want to rush thousands of cases into courts presided over by the very judges who issued the very injunctions which some of them have been condemning on the floor of the Senate and to prevent which they favored prohibitory legislation. There is no defense for such a position. The bill places under the jurisdiction of the Federal court every one of the strikers whom we endeavored to protect by the enactment of the Norris-LaGuardia bill. The pending bill would throw them back into the Federal court. Not only would it throw them back to that court, but, sad to relate, it would take away the last chance they have to hope for a judge who might not be unfriendly, for a sheriff who might not be unfriendly, for a prosecuting attorney who might not be unfriendly, none of whom would dare to place his neck in the Federal noose when he knew any special officer or any strikebreaker could, by a simple affidavit in a Federal court, take that judge or sheriff or prosecuting attorney, or even the governor, into the Federal court, and, if he were convicted, subject him to a sentence of at least 5 years in the penitentiary—and all this in the name of protecting members of the colored race!

Mr. President, I yield to no man in my hostility and my antagonism to the crime of lynching; I make no defense for it; I have none to make; it is abhorrent to me; but in the name of antilynching, to crucify the hopes and the aspirations of the millions of workers of the country is beyond my conception and beyond my comprehension.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. MOORE in the chair). Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. Certainly.

Mr. FLETCHER. The Senator this morning mentioned that Alabama was charged with a lynching last year. He denied the charge, and stated there was no lynching in Alabama last year.

Mr. BLACK. That is true; there was no lynching there last year.

Mr. FLETCHER. I am wondering if there has been some duplication in the propaganda touching upon the bill. For instance, it is charged there was a lynching in Jackson County, Fla., last year. I telegraphed the secretary of state to furnish me with a statement giving the established and essential facts in connection with that lynching in Jackson County.

It appears from the statement that the officers arrested a criminal and, in order to escape the pursuing crowd, or mob, if you will, took him from Marianna to Panama City, then to Pensacola, and thence to Brewton, Ala. It was at Brewton that the mob, or pursuing crowd, overtook them and captured the criminal, whence they brought him back into Jackson County, Fla.

It is possible there has been some duplication with reference to this matter. It may be that Alabama was charged with this lynching because the man was seized in Alabama and taken back to Jackson County, Fla., where he was lynched.

I merely mention that in passing. Then the thought occurred to me that if the bill should be enacted into law, why could not the sheriff and other officers, even the county and State officers of Alabama, be pursued for violation of the provisions of the bill, although they were in nowise responsible for what occurred in any way, and at the same time the officers in Florida could be pursued for the same offense?

If the Senator will permit me, I should like to have the clerk read the telegram from the secretary of state of Florida. It states the facts with reference to that occurrence in Jackson County.

Mr. BLACK. I am glad to yield for that purpose.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read the telegram, as follows:

TALLAHASSEE, FLA., *April 27, 1935.*

Senator DUNCAN U. FLETCHER,
Senate Office Building, Washington, D. C.:

Further reference your wire, Marianna lynching, am advised by press representatives that Claude Neal, Negro, was lynched somewhere in Jackson County on night of October 25, 1934, by mob of men who claimed he had attacked and killed Lola Cannidy, white farm girl. Girl's body was found on father's farm and search immediately was started for Neal. He was arrested by Jackson County officers, who spirited him from Marianna to Panama City, then to Pensacola, and then to Brewton, Ala., in effort to escape pursuing mob. After Negro was placed in jail at Brewton, mob appeared and demanded his custody, finally overpowering jail guards and taking Negro. Returning to Jackson County, so far as best information available indicates, mob lynched Negro and at dawn strung his body to limb of tree in city of Marianna. Family of Miss Cannidy claimed Negro had attacked and ravished her and had killed her and attempted to conceal body in order to prevent discovery of his attack.

R. A. GRAY, *Secretary of State.*

Mr. BLACK. Mr. President, I was discussing section 4 of the bill, which provides that cases can be removed into the Federal court in this manner:

Provided, That it is first made to appear to such court (1) that the officers of the State charged with the duty of apprehending—

Note, now—

apprehending—

That is the executive officer—

prosecuting—

That is the district attorney—

and punishing—

That is the court—

such offenders.

The statement is that it must be made to appear that they failed to apprehend, prosecute, or punish. Suppose they try the man and turn him loose. They have failed to punish him. The Federal court will have jurisdiction of the crime if this bill shall be enacted. Former jeopardy cannot be pleaded because of an acquittal in a State court; so, in order to be absolutely sure of conferring jurisdiction, the proponents of this bill go to the extent of providing that if the offender has not been punished—in other words, if he has not been convicted—then, upon one affidavit made by one person, the case can be removed to the Federal court, the repository of wisdom and justice presided over by a man appointed for life, and there tried after he has already been prosecuted.

Not only that; 30 days is all that the State is allowed in which to try him. I may be wrong, but I was told not long ago, when an Alabama Federal judge was sent to the city of New York to help try cases in the Federal court in the city of New York, that they were trying cases that were 4 or 5 years old in the Federal courts of the city of New York.

In this bill it is made prima facie evidence that the States are failing to do their duty if they do not apprehend, catch, prosecute, try, and convict within a period of 30 days. In other words, when the State does not try the offender in 30 days, remove the case to the Federal court so that there can be a delay of 5 years before trying him.

Mr. President, if it be true that a case is to be removed from the State court because the jurors who are drawn in that court are not in sympathy with the prosecution, why should we limit that procedure to one type of case? It has been charged in various sections of the country that it is difficult to convict in the courts persons who belong to certain political organizations. Why not bring them within the bill? It was charged several years ago, for instance, in the city of Chicago that it was impossible to convict before the juries of the State courts anybody who belonged to a certain political ring. Why not bring them in, if the juries will not convict? It has been charged from time to time—whether or not it is true I do not know—that in certain instances it has been impossible to convict in the city of New York persons who were closely associated with Tammany. If that be true and an affidavit to that effect can be made, why should not that case be removed to the Federal court, where different types of jurors can be obtained?

In other words, if we are going to establish a precedent of removing cases from the State court upon the ground of prejudice of jurors, why should that procedure be limited to a single type of case? Why should we not, in order to obtain justice, have them all taken over by these repositories of wisdom and justice, the Federal courts of the United States?

Now, what happens? The State has failed to catch, prosecute vigorously, and convict in 30 days. We have a so-called "trial", we will say, after this bill is enacted. As the case is tried the shadow of this bill is in the face of the judge.

The shadow of this bill is in the face of the prosecuting attorney. The shadow of this bill is in the face of the sheriff. Each one of them, as he looks over at the little defendant, perhaps a poor and humble man, perhaps nothing more than a miner belonging to a union, making $6 a day, he feels sorry for him. Perhaps they think, perchance, he is not guilty. Perhaps there enters into their minds the thought that the crime was "planted" on him. What do they do? Do they dare raise their voices and tell the jury that? They do not. The shadow of this bill haunts them, even as they lie down and try to sleep, with the picture of the defendant fresh on their waking vision. They know that if they do not prosecute with all the vigor possible, if they are not vicious before the jury, somebody will go into the Federal court and swear that the prosecuting attorney neglected his duty, that the sheriff neglected his duty, that the judge neglected his duty. Therefore, we find a trial not according to the democratic institutions of this country, where a man is supposed to have the benefit of a reasonable doubt, but we have a trial with the shadow of the

heavy hand of the Federal judiciary hanging over the accused man, hanging over the defendant, hanging over the judge, hanging over the jury, because the jury is a part of the trial. Yet it is said that somebody is going to get some political advantage out of trying to pass a bill such as that!

It is a travesty and a crime against the sacred and traditional principles of justice of the American people even to introduce a bill which places the threat of the stamp of infamy upon the brow of a district attorney because, perchance, he neglects to prosecute as vigorously as somebody thinks he should prosecute. That is in the bill. Let him who says it is not in the bill rise to defend it. I have just read it.

Then, Mr. President, what is done? We will assume, now, that the sheriff has been tried and convicted; the district attorney has been tried and convicted; the judge has been tried and sent to the penitentiary. The Governor of the State has been taken; and, not satisfied with that, those who consider themselves injured sue the county and obtain a judgment. Then, they levy on the courthouse. What does the bill provide?—

Such court shall have jurisdiction to enforce payment thereof by levy of execution upon any property of the county.

Who owns the courthouse? The county. Who owns the jail? The county. It is true that they would be practically useless if this bill should pass. Perhaps there is no reason why the courthouse and the jail should not be levied upon. They would cease to serve any useful function in any State in the Union, they would cease to have any place, because there would be nothing left to be done there. Certainly no one should call a courthouse a temple of justice if, as a defendent charged with a crime is tried, the district attorney and the judge and the sheriff and the officials stand there cowering with fear because they feel the possibility of the heavy hand of the Federal judiciary, backed, if need be, not only by the marshal but by the tramping march of Federal troops. That is what occurred before. Of course, it did not work. No greater injury was ever done the Negro population of the South than by the laws which were put on the statute books during reconstruction days.

Mr. NORRIS. Mr. President, I should like to ask the Senator a question about section 4, which he is now discussing.

Mr. BLACK. I yield to the Senator.

Mr. NORRIS. That section provides that—

The District Court of the United States * * * shall have jurisdiction to try and to punish, in accordance with the laws of the State where the injury is inflicted or the homicide is committed, any and all persons who participate therein.

Then follows the proviso which is the remainder of the section. Before the court has jurisdiction to try the offender the finding must be made, as I understand, as provided in the proviso. Suppose there is a dispute about that; where will that question be tried.

Mr. BLACK. The Federal judge will try it.

Mr. NORRIS. Will the case have to be tried in the Federal courts before the warrant is issued? It has not any jurisdiction to try until a certain finding is made. In order to give the court jurisdiction, even before the man is arrested, will it not be necessary first to determine?—

That the officers of the State charged with the duty of apprehending, prosecuting, and punishing * * * under the laws of the State * * * have failed, neglected, or refused to apprehend, prosecute, or punish * * *.

Will not that finding have to be made somewhere?

Mr. BLACK. Yes.

Mr. NORRIS. Will not that finding have to be made in order to give the Federal court jurisdiction to try the defendant?

Mr. BLACK. That is true, except that the Senator will notice that the failure must be for a period longer than 30 days.

Mr. NORRIS. That is another fact which would not be difficult to determine, because 30 days is fixed. But before the court could try a defendant he would have to be satisfied that the officers had failed or neglected to do their duty. That question would have to be tried somewhere if the officers denied it. Suppose the officers said, "We have not failed. We have done our duty. We have done the best we could." If they had a trial first to determine whether or not they had done their duty, and if it was found on that trial that they had done their duty, had done the best they could, then the court would not have any jurisdiction. And would not that finding have to be made before a warrant could be issued? There is no doubt it would have to be made before the man could be tried. So the warrant would be issued and the man could not be tried, even though he were willing to be tried, but the court would first have to try this other question.

Would there be a jury trial of the preliminary question? Would not the court have to determine that, and would not the court take evidence on that controverted question and determine it, before he would proceed to the trial of the defendant? Or would it all be in one trial, and when the defendant came to be tried, would evidence be offered both pro and con as to what the officers had done or neglected to do about their duty? I do not see just where we would be with such a provision in the law.

Mr. BLACK. I will state to the Senator that my judgment about it is that all that would be required would be an ex parte affidavit from some individual upon which the judge could act. That is the way they have acted in the removal of other cases.

Mr. NORRIS. I think it would require more than that.

Mr. BLACK. The bill does not so provide.

Mr. NORRIS. It reads, "*Provided*, That it is first made to appear to such court." The court must be satisfied. It is a matter of fact whether or not an officer has done his duty. It must be made to appear to the court. An officer would have a right to offer evidence and to say, "I have done my duty", would he not, before the court made a finding?

Mr. BLACK. I would think so had I not had experience with the Federal court in just exactly that regard. Under the present law, as I recall it, while I am not sure about the exact language, it is provided that if certain things appear to the judge, a case shall be removed. I recall in one instance that certain things did appear to the judge through an ex parte affidavit, and he removed a case to the Federal court, when I had evidence showing the facts to be entirely different from those shown in the affidavit. I made a motion to remand the case to the State court. In one instance out of perhaps fifty in which I have made such a motion, I have succeeded in obtaining a removal back to the State court. I found that the Federal courts, like all other courts, want all the jurisdiction they can get, and my judgment is that under the proposed law all that a court would require would be an affidavit, and he would bring the parties in.

Mr. NORRIS. Then, the Senator thinks if he were an officer charged with neglect of duty, and I made an affidavit that the Senator had neglected his duty, it would be taken as conclusive before the court, and the Senator would not have a right to deny it?

Mr. BLACK. I think it would be taken as conclusive so far as a trial in that court was concerned, unless I made a motion to remand.

Mr. NORRIS. But the court must make a finding of fact in order to give him jurisdiction.

Mr. BLACK. That is correct.

Mr. NORRIS. If there is a dispute about that provision, let us go on to the next provision. I have not gotten through with referring to what must be shown.

The second thing is, "if it shall be made to appear to the court"—

I am reading what comes immediately after the proviso, but that applies to point no. 2 just as it does to no. 1. I take it there is no dispute about that.

Then, if it shall be made to appear to the court—

That the jurors obtainable for service in the State court having jurisdiction of the offense are so strongly opposed to such punishment that there is probability that those guilty of the offense will not be punished in such State court.

What action would the court have to take about that? An affidavit would not be sufficient, would it? Before the court

could try the defendant charged with a neglect of duty, he would have to find that the jurors of a particular county where the offense was alleged to have been committed were so prejudiced that he could not get a jury which would convict; that they would be friendly to the defendant, in other words.

An affidavit made by some one that that was the state of affairs in that county would not in any court on earth be taken as conclusive. Would not the court take the other side of it? Would the court accept affidavits? Perhaps the court would say, in making its finding, "I will submit that question to a jury." So, while one case is on trial, with the jury impaneled, the judge would stop that case and take up another case and try that before a jury, and see what their finding was, and, depending on their finding, would decide whether the other jury could go on with the other case.

Mr. BLACK. I think that could be done under the bill. I have no question about it.

Mr. BORAH. Mr. President, under the bill, the question of a change of venue to another county is eliminated entirely, is it not?

Mr. BLACK. Oh, yes; that is eliminated. It is changed now to the Federal court.

Mr. NORRIS. The Senator will undoubtedly remember, from his long experience, that a question often arises in State courts in regard to a change of venue. When that kind of a case has arisen, I have never known a court to presume for a moment to take an affidavit of some individual that the people of the county were prejudiced and remove a case on such a statement alone, without giving the other side an opportunity to be heard.

Mr. BLACK. That is the procedure in my State as to change of venue. There is a hearing, and a decision is reached by the court.

Mr. NORRIS. Yes; but in the meantime what happens to the other case?

Mr. BLACK. It will probably take a little more than 30 days to reach a decision on that, so we have 30 days more.

Mr. NORRIS. It is a question whether that finding would not have to be made in order to give jurisdiction even to start the criminal case by the issuance of a warrant.

Mr. BLACK. Mr. President, of course a fine of $2,000 to $10,000 would be a very insignificant thing to any county where there was a population of a million or two or three million; but $10,000 is not an insignificant amount to many of the counties in the United States. There are today counties where, on account of economic conditions over which the citizens of the county have no control, it might be very difficult to find any one man in the county actually worth as much as $10,000. To a small county a $10,000 penalty would be a very serious imposition.

It is interesting to note the theory upon which the right to impose a penalty on a county is based. Several years ago, in reading Macaulay's History of England, I found the beginning of the idea of imposing a penalty upon a county. It came into England from Denmark. The idea at that time was that when the hue and cry was raised every citizen had to respond and make an arrest. There were few sheriffs and few officers charged with the duty of apprehending criminals.

When the Normans conquered England, it was found, as had always been the case, that there was great antagonism between the Normans and the Saxons and the original natives of England. The result was that there were a great many Normans who were found murdered from time to time, and since they were in control of the country in those days, which some of us might now call primitive, a law was enacted which imposed a fine upon each hundred, the hundred being somewhat similar to the present township. The theory was that those citizens must apprehend the criminal.

That law did not work very satisfactorily, because it was found that in the poor hundreds usually 1 man or 2 men had to pay the entire penalty, men who had nothing whatever to do with the affair, and knew nothing about it until after it had occurred. Since the law provided that the penalty must be imposed when anyone of French descent was found murdered, the result was that the bodies were mutilated, and it became impossible to determine, from the dead body, whether it was that of a Frenchman, a Norman, a Saxon, or a native Englishman. So that law was amended and there was used the prima facie clause which we have in the pending measure, and it was provided that if any dead body was found it should be presumed to be that of a man of French descent. Before very long it was found that did not work, some of the books stating that an individual would simply disappear, and no body could be found. So the law was repealed. One of the great writers on law says that since those primitive times—he uses that term—a more equitable system of imposing punishment has been adopted, and that an effort has been made to punish those who commit the crime rather than to punish the innocent.

In the pending bill we find that a fine is to be imposed upon a county, and if the county is unable to pay, those who claim to be injured can levy on the courthouse or jail—and the hospital, I assume. They probably would take them all. If there happened to be a county hospital, of course, it would be far more important to have the judgment paid than to operate a hospital for the benefit of the sick and the needy! It would be far more important to have the judgment paid than to keep the doors of the courthouse open! Everything sinks into insignificance in the minds of those who have brought before the Congress a bill which is the lineal descendent of those pernicious measures which cursed the very people they were intended to benefit after the War between the States. They were a curse alike to those against whom they were directed and those for whose alleged benefit they were passed.

I understand, of course, the sentiment which has been stirred up with reference to this particular measure. In what I am about to say I do not refer to my friend the Senator from New York, nor to the Senator from Colorado, for whom I have a great admiration and even affection. I refer to the group agitation behind this measure from its very beginning. I give the two Senators I have mentioned credit for pure, idealistic motives, and for having the honest desire and ambition in their hearts to confer a benefit upon those who, as they believe, will be benefited by this measure. But, Mr. President, there are those who constantly stir up strife and attempt to create hostility between the races; and they do so, not from idealism, not from purity of purpose, not with the idea of benefiting those they claim to benefit, but frequently because they are drawing a salary from some organization, and the only way they are able to continue to obtain funds with which to pay themselves and their secretaries and assistants is by spreading the deadly fumes of hatred and race hostility.

I refer to others who are prompted by political motives, such as the man who referred to the Southern States as "conquered provinces", and who declared, as can be seen by anyone who will read Claude Bowers' The Tragic Era, that it was necessary to keep the seeds of hatred alive in order that his party might continue in power. When that man cracked the whip over one of the members of his party the member came to him and said, "My conscience will not permit me to vote this way"; and the reply was, "Your conscience be damned! You will vote with your party!"

Mr. President, I refer to the sentiment created by men for their own political aggrandizement or for their own financial advantage. In doing so, I desire it to be distinctly understood that I recognize a distinction between a man like the one who has recently been elected to Congress from the city of Chicago to succeed Mr. De Priest and others who have gone over this land holding aloft the ancient torch of prejudice and passion and hate, thereby contributing no benefit to the people of their race; simply attempting to stir up an antagonism which does not exist between the white people of the South and the colored people of the South.

In the State which I have the honor in part to represent there is an institution which was founded by a distinguished American, Booker T. Washington. His successor was another distinguished American, Dr. Robert R. Moton. To both those men I pay at this time my tribute of respect and of

admiration. In that school in the State of Alabama is another man, humble in aspirations, but great in achievement. I refer to Dr. George W. Carver. There is no spirit of antagonism existing between the white people of my State and the people who operate this institution of learning. Seated there in the midst of one of the most fertile sections of Alabama—and, I might say, of the world—in a county which has long had a heritage of men and women who think of their Government and who love its traditions, there will be found no outcroppings of prejudice or hostility or antagonism. On each occasion when there has been presented to this body any measure from which it was believed Tuskegee Institute might receive an advantage, I have had from the white people of Macon County, Ala., messages expressing their hope that I would assist to bring about the improvements desired. On other occasions they have traveled all the way from Tuskegee, Ala., to Washington in an effort to obtain benefits for that institution.

Is it right, is it fair, is it just to the thousands of Negroes who do not feel disgraced when we mention the name of their race, but who, instead, have a feeling of pride that it is their race, is it right to them or is it right to us, who live there side by side, whose destiny must be inseparably linked the one with the other, for political advantage or for any other motive, to enact legislation which drives a wedge between the races, following up the old idea of the men in charge of the Freedmen's Bureau and the others who traveled into the South in those dark and gloomy days of desolation and despair, lured by the hope of pecuniary profit to themselves? Is it fair to us at this time, when we are working in peace and harmony the one with the other, to do something which will bring about again the spread of the flame of race antagonism, and instill prejudices which, thank God! have been stifled in the hearts of most of the people of Alabama and of the other States of the South?

I realize that it may be impossible to appeal to those who think they know more about the problem than those who live with it. That has always been the case. People have always been anxious to purify somebody else. They have always been anxious to impress the ideas of those who live a thousand or two thousand miles away upon the local habits, manners, and customs of those whom they do not know. That was tried a short time ago. The memory of it is still fresh in the minds of the men and women of America. I had personally hoped that the eighteenth amendment would be a success, because I believe liquor has done a great deal to degrade mankind and to drive man from the noble plane of his highest aspirations; but it did not work as those who designed it had planned. It was found that it was very difficult for a man, perhaps from Alabama, to understand exactly the problem facing the people in the populous cities of New Jersey and New York. Is it too much, is it unfair, is it wrong for me to ask those who live in New York and in New Jersey if they think they know more about how to meet the problems of the men and women in Alabama than do the people of Alabama?

I would be the last, Mr. President, I believe, to be pleading against a measure which I believed would accomplish the purpose of raising the standard of the underprivileged in America, whatever might be their color, their race, or their creed. I have tried to demonstrate since I became a Member of the Senate that the greatest purpose of my life is by my service here to bring about a nearer approach to social and economic justice. I have gone much further than have many of my colleagues from my own section of this Nation in following along the way that I believed would accomplish that purpose. I have sought to face the situation squarely that the Constitution as it was written, for instance, with reference to interstate commerce, while it affected but little commerce and trade at the time the Constitution was written, today touches every nook and cranny of America. I have realized and sought to face the facts honestly and squarely that economically, in trade and commerce, this Nation is one, indivisible and inseparable, and that today, when the mills of New Jersey may depend upon purchasers in South Carolina or California, when the cotton grown in Alabama may depend upon purchasers in Wisconsin or California, a national problem must be met by national legislation. I have planted my foot upon that political philosophy, because I believe that there is in the Constitution, even though it could never have been anticipated by those who wrote it, a clause which, by reason of the expansion of commerce between the individuals in the different States, has brought about a new condition and a new economic era.

However, let my friends, or those of them who are familiar with the problems that faced the founders of this Republic, go back in their memories for a moment, if they will. Do they recall that all over the world it was stated that it would be impossible for us to become one nation under one flag even at the time when there were only 13 little Colonies? Do they recall that since that time the sturdy pioneers have moved westward and the flag has followed them until today it is floating in the breezes of California and Oregon all the way to the Gulf? Do they recall that the problem which faced them then with reference to attempting to have a comparatively small number of people who lived in the Thirteen Colonies under one flag and one government has been accentuated by reason of the fact that today there are thousands of miles of territory of which they did not dream, and that we now approach 130,000,000 people living in different communities and different States? Cannot even those of us who favor recognizing the indivisibility of our commercial and economic establishment in America recognize that there is a distinction which, whether we want to or not, the people will make us realize, between the habits and customs of the people who live in the State so ably represented by the Senator from California [Mr. JOHNSON], whom I now see, and the people of Maine and the people of Alabama? Do they not have their problems in California, which they have been permitted to meet in their own way, even sometimes going to the extent of passing laws which have been stricken down by the Supreme Court of the United States?

Has not my State also had occurrences brought to that Court as to which the Court declared the supreme law of the land? And did not the Governor of the State which I have the honor in part to represent immediately after the last decision rendered by that Court, touching upon the practices of the people of the State of Alabama in connection with their courts, immediately announce that Alabama bowed before the supreme tribunal of this Nation and that her laws must and would be obeyed? Then, why, at this time, with an administration which is trying really to do something to help those people—not to affect 14 possible individuals, not to touch 14 lives, but to touch millions of human lives—with an administration which has before us now a bill which, if it shall pass, will give to every Negro who lives in the South who has passed the age limit provided in the bill for the first time a pension to take care of him in his declining years, when the administration has fed thousands and thousands of them, more than it has the people of the other race in my State, fairly and justly without any claim of prejudice, so far as I have heard, why should it now be necessary to enact such legislation as is proposed in the pending measure? We know the object of the measure; we know its history; and, with all due regard to my friends who propose it, for what I say is not meant with reference to them, because, as I have said, I have a high regard and affection for the two Senators who have offered this bill, I ask, with the knowledge of the iniquitous conception of the idea behind this bill back in the days of Thad Stevens and his group, why should it now be revived to mar the harmonious relations that exist between us, when we are working out our problems together and we have in the South committees of both races to work side by side in order that the harmonious and pleasant relationship shall not be affected?

I presume that it is unnecessary, or, at least, useless and futile, to make these remarks. It always was so in the past. It has been demonstrated in the past, seemingly, that there was only one way by which we could protect the people themselves who are supposed to be the beneficiaries of such measures as this. That way has been followed in the past, and if it shall be necessary to protect those men and women

in the South—and I am talking now about the ones whom the report of the committee indicates this bill was intended to protect, the members of the colored race—from measures which might react to their disadvantage, which will play upon prejudices which do not now exist there and which carry out the old idea that was poured into their minds immediately after the War between the States that there is hatred between the two races, we stand here ready, willing, and, I hope, able to protect them in the only way that we have ever before been able to protect them from this prejudice and this passion.

Mr. President, this is about all I have to say on this bill at this time. I sincerely hope that it will not be necessary to say anything more at any time. Where there is involved the program of the President, who, I believe, by his actions and his recommendations has raised the standards of opportunity of the underprivileged more in 2 years than has ever been done before in a period of 50 years, I regret exceedingly that anything should occur to retard that program to the slightest extent.

I regret very much that it is necessary to delay, even for 1 day, action upon the soldiers' adjusted-compensation bill. I regret its delay, because I believe it provides for the payment of a just debt. I have always so believed, and I believe so now.

It seems to me that with the great progress which the Nation has made with the problem attempted to be dealt with, there can be little excuse for rejecting such a bill at this time. I was told that 30,000 people were killed in accidents last year. I believe the Senator from South Carolina [Mr. SMITH] told me that, if I am not mistaken. If one is interested in the way crime has increased in the country, I invite him to read the so-called "Wickersham report" which was submitted several years ago. We will have made ourselves, it seems to me, just a little absurd, in view of the magnificent progress we have made and the improved relationship which exists between the races who live in the country, if we stop the real business of the Senate in order to consider a measure which, according to the maximum figures, would have affected only 14 people last year. I do not know exactly how many it would have affected, but I know from my own knowledge and investigation that that number was not correct insofar as the alleged lynching charged to the State of Alabama was concerned, because there was none there.

So, Mr. President, vain as it is, futile as I believe it to be, noting the empty seats which I see about me, with the political advantage which I know is hoped to be obtained by certain men whose party has been justly and righteously criticized by reason of its enmity toward the plain, ordinary, average, everyday man, I have assumed to utter these words; but at least I can express for the people of my State their views.

Let him who will say that those who oppose the measure favor lynching. I denounce that statement as unequivocally false. We desire to improve the relationship between the people of the Nation without animosity, sectional or racial. So far as I am concerned, even if I favored an antilynching bill, I should not vote for this measure; and I state my reason with highest respect for those who have sponsored it, though I do not know who wrote it. Even if I favored an antilynching bill, and at the same time I stood for the rights of the people of the country to organize in a collective manner and to protect themselves by strikes or otherwise, I should not vote to crucify them on the cross of a so-called "antilynching bill." If we get ready to make it illegal for men to strike and to define a group of three strikers as a mob, let us do it fairly and squarely, and let us entitle the measure "A bill to prevent strikers from meeting together and injuring the property of their employers, or, as a consequence of their meeting together, injuring or killing strike breakers or other individuals." Let it not come under the guise of a bill which has been heralded to the people of the country as having the benign purpose of preventing lynchings when there were, perhaps, only 13 lynchings in this country last year.

Mr. President, for the time being I surrender the floor. At a later time I may discuss the matter a little more in detail.

Mr. BYRNES obtained the floor.

Mr. SMITH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson	Pope
Ashurst	Coolidge	Keyes	Radcliffe
Austin	Copeland	King	Robinson
Bachman	Costigan	La Follette	Russell
Bailey	Couzens	Lewis	Schall
Bankhead	Dickinson	Logan	Schwellenbach
Barbour	Dieterich	Lonergan	Sheppard
Barkley	Donahey	Long	Shipstead
Bilbo	Duffy	McCarran	Smith
Black	Fletcher	McGill	Steiwer
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Gerry	Minton	Townsend
Bulkley	Gibson	Moore	Trammell
Bulow	Glass	Murphy	Truman
Burke	Gore	Murray	Tydings
Byrd	Guffey	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walsh
Carey	Hatch	Overton	Wheeler
Clark	Hayden	Pittman	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2035. An act to amend an act approved June 25, 1934, authorizing loans from the Federal Emergency Administration of Public Works, for the construction of certain municipal buildings in the District of Columbia, and for other purposes; and

H. R. 5914. An act to authorize the coinage of 50-cent pieces in connection with the California-Pacific International Exposition to be held in San Diego, Calif., in 1935 and 1936.

PREVENTION OF LYNCHING

The Senate resumed the consideration of the motion of Mr. COSTIGAN that the Senate proceed to the consideration of the bill (S. 24) to assure to persons within the jurisdiction of every State the equal protection of the laws by discouraging, preventing, and punishing the crime of lynching.

Mr. BYRNES. Mr. President, I wish to address the Senate with reference to the motion of the Senator from Texas [Mr. CONNALLY] that the bill from the Finance Committee providing payment of the adjusted-compensation certificates be taken up, instead of the motion of the Senator from Colorado [Mr. COSTIGAN] being adopted to take up for consideration at this time the so-called "antilynching bill."

I think the motion of the Senator from Texas is wise, and that the Senate should proceed to the consideration of the so-called "bonus bill." I do not believe the Senate should proceed to the consideration of the antilynching bill. I think it would be exceedingly unwise, because, instead of promoting the cause in which Senators are interested, I believe it would retard the development of the fine spirit which has developed during recent years in behalf of the enforcement of law throughout the Nation.

I believe that lynching is murder whenever the victim of the mob dies at their hands. It is impossible for me to understand how men, and particularly lawyers, can make a distinction between lynching a human being when that crime is participated in by three persons, and the murder of a human being by an individual. I can conceive of no defense for it. In all my public career I have never made any other statement. Lynching, like any other form of murder, is a violation of the law of God and of man. For it I have never made, and never will make, an apology.

I know that those who have participated in the commission of such offenses have argued that their action was due to

the fact that the law was not enforced; that delays prevented the enforcement of the law; that lawyers would appeal from the decisions of lower courts, delay punishment being meted out to the criminal, and that has been the excuse of many who have been guilty of the crime of murder, called "lynching."

To me it has always seemed that when a human being is killed by three persons rather than one, instead of lessening the offense it but exaggerates and aggravates the offense.

While this is true, I know that in the light of history with reference to lynchings in this country nothing could be more unfortunate than the enactment of legislation of this character.

In order to get an idea of the views of the committee in reporting the bill, I have examined the report. After setting forth the details of the measure, the report of the committee says:

> The committee, during the Seventy-third Congress and during the Seventy-fourth Congress, has given much consideration to this bill. Hearings were held by a subcommittee at which evidence was presented demonstrating to the committee's satisfaction the continuing and increasing need for Federal legislation of this character. When a measure similar to the pending reported bill was before Congress in 1934 and its enactment into law appeared to be more than a possibility, two lynchings occurred in January 1934, a month prior to the public hearings conducted by this committee. During the months from January 30 to June 8, 1934, when public opinion in favor of legislation to curb the practice of lynching was particularly articulate, no lynchings occurred. During the first week in June 1934, word was generally circulated that hope for the enactment of the proposed measure had been abandoned. On June 8 there was a lynching in Mississippi, followed in rapid succession by 2 lynchings in Alabama, 1 in Texas, 1 in Tennessee, 1 in Louisiana, a third in Mississippi, a third in Alabama, 1 in Georgia, and 1 in Florida.

Gentlemen of the Senate, we have here stated the reasons for this proposed legislation—that while the committee was considering this bill from January to June no lynchings occurred in the United States; that during the first week in June 1934 word was generally circulated that hope for the enactment of the measure had been abandoned, and on June 8 there was a lynching in Mississippi.

Because we may fail to appreciate what has happened throughout the Nation, it is interesting to note that statement. When word that the bill was not likely to pass was generally circulated—I do not know who circulated it, but it seems, according to the report of the Judiciary Committee, that word was generally circulated throughout the Nation in the first week of June 1934, that there would be no legislation at that session—immediately, away down in Mississippi that information was made known, and then a lynching occurred on June 8; and then the information drifted over into Alabama, and two lynchings occurred in Alabama. It seems that those individuals for 6 months had been waiting to lynch someone, waiting for the opportunity to commit murder. Finally, when the information came to them that the Judiciary Committee would not report the bill, they immediately proceeded in Mississippi to have 1 lynching, in Alabama 2, in Texas 1, in Tennessee 1, in Louisiana 1, a third in Mississippi, a third in Alabama, in Georgia 1, in Florida 1; and it is stated that by March 13, 1935, 3 lynchings occurred. So evidently from January 1 until March 13, 1935, the information must have been generally circulated throughout the country that there would be no legislation on the subject at this session, and the lynchers proceeded to kill human beings because of that fact.

The committee said:

> It is more than a coincidence that the practice of lynching is practically stopped when Federal legislation designed to curb this practice is pending in Congress.

That immediately follows the statement that between January 1 and March 13, 1935, while legislation was pending, three lynchings occurred; but the declaration of the committee is that if a bill is pending there will be no lynchings. Therefore, it follows that the sane, sensible thing for the Senate to do is to adopt the motion of the Senator from Texas and proceed to consider the bill for the payment of the adjusted-compensation certificates, and permit antilynching legislation to be pending, and thereby, according to the committee, make impossible lynchings in this country.

The Senator from Colorado [Mr. COSTIGAN] gives another reason for having the bill reported at this time. He says that one reason why the bill would stop lynchings is that—

> The proposed law would bring the pressure of tax-paying public opinion, as well as the support of peace officers, to guard counties against mob violence, well illustrated in the case of South Carolina, where further lynchings have not occurred in certain counties of that State after the financial penalties were imposed.

The Senator refers to the fact that in South Carolina there is a statute authorizing the beneficiary to bring an action against the county in which a human being loses his life as a result of the action of a mob, when he is "lynched", and no other word is used, without authority of law. He can sue the county for $2,000.

Mr. President, that statute was enacted pursuant to a provision of the State constitution, for it is written in the constitution of the State of South Carolina that the beneficiary of the victim of a mob has the right of action to which I have referred. The constitution, adopted December 4, 1895, provides:

> In the case of any prisoner lawfully in the charge, custody, or control of any officer, State, county, or municipal, being seized and taken from said officer through his negligence, permission, or connivance, by a mob or other unlawful assemblage of persons, and at their hands suffering bodily violence or death, the said officer shall be deemed guilty of a misdemeanor, and upon true bill found shall be deposed from his office pending his trial, and upon conviction shall forfeit his office, and shall, unless pardoned by the Governor, not be eligible to hold any office of trust or profit within the State. It shall be the duty of the prosecuting attorney within whose circuit or county the offense may be committed to forthwith institute a prosecution against said officer, who shall be tried in such county, in the same circuit, other than the one in which the offense was committed, as the attorney general may elect. The fees and mileage of all material witnesses, both for the State and for the defense, shall be paid by the State treasurer in such manner as may be provided by law: *Provided*, In all cases of lynching when death ensues the county where such lynching takes place shall, without regard to the conduct of the officers, be liable in exemplary damages of not less than $2,000 to the legal representatives of the person lynched: *Provided further*, That any county against which a judgment has been obtained for damages in case of lynching shall have the right to recover the amount of said judgment from the parties engaged in said lynching in any court of competent jurisdiction.

Mr. President, the clause penalizing a county in the case of a lynching was offered in the constitutional convention by Senator Tillman, who for years served as a Member of this body. He stated at the time that it might not prove effective, that he doubted its effectiveness, but that it might serve as a scarecrow. The adoption of the provision by the constitutional convention was solely an expression of the law-abiding sentiment of the people of South Carolina against the lawlessness of a mob, the same sort of sentiment that has resulted in the gratifying decrease in the number of lynchings in that State of recent years.

But lest someone in the Senate should conclude that the Senator from Colorado was correct in believing that the enactment of the section of the bill offered by him authorizing a suit against the county would result in decreasing lynching, I wish to quote some statistics with reference to the State of South Carolina before and after the adoption of the constitutional provision.

In the Negro Year Book, published by the director of the department of research of Tuskegee Institute, it is stated that for the 11-year period from 1885 to 1895, inclusive, there were 1,897 lynchings in the United States, and 45 in the State of South Carolina. The constitution of South Carolina was adopted December 4, 1895. For the 11-year period succeeding the adoption of that constitution, with its antilynching provision, to wit, during the years from 1896 to 1906, there were 1,206 lynchings in the United States, and 43 in South Carolina. Therefore, while there was a marked decrease in the number of lynchings throughout the Nation, in South Carolina, where this antilynching provision had been written into the constitution, there was a reduction of only two in the number of lynchings in the 10 years succeeding its adoption as compared with the previous 10 years.

From that I would judge that Senator Tillman was right in believing that it would not be an effective deterrent insofar as the commission of this offense was concerned.

I think the Senator from Colorado ought to realize, it ought to appeal to a man's common sense, that when a mob of men willing to take human life, because their reason for the time is dethroned by the commission of some crime which they believe so horrible as to demand instant punishment, get hold of the criminal and take him out into the woods, they will never be deterred from committing murder by the fear that the county in which they live may at some future time be sued for $2,000 by the heirs of the man who is lynched. On the contrary, Mr. President, it is my belief that under those circumstances, when a mob seeks to take the life of the rapist or the murderer, nothing will deter them except the assurance that the man they have in custody will receive a speedy trial at the hands of the court, and when they have confidence in the honest enforcement of law by their courts. Only when such confidence exists can we hope to deter the commission of this offense.

Throughout the history of my own State I know of cases when not only sheriffs, but judges, have risked their lives in order to prevent lynchings. Never have I known of a case when the Governor of the State would not call out the militia, call upon armed forces, in order to preserve order and to prevent a lynching. It can be done in that way. It can never be done by enacting a Federal statute to usurp the powers of the State, and to endeavor to frighten State officers with punishment by the United States courts.

I would not undertake to discuss at length the question of the constitutionality of the proposed law. The Senator from Texas [Mr. CONNALLY] has gone into that question at some length, as have the Senator from North Carolina [Mr. BAILEY] and the Senator from Alabama [Mr. BLACK].

Nevertheless, I cannot refrain from expressing this opinion. In order to visit punishment upon a murderer or a rapist a mob is willing to violate law, to disregard all law. If the bill under discussion is unconstitutional, as I believe it to be, I would not want the Congress of the United States to follow the spirit of the mob and to disregard the provisions of the Constitution of the United States in order to visit punishment upon lynchers.

The United States Supreme Court has so clearly construed the fourteenth amendment and has so forcefully indicated its opinion as to legislation which would seek to control and to punish the acts of an individual within a States that it seems to me there is hardly any room for doubt as to the unconstitutionality of the proposed measure.

I desire to read for only a few minutes from the Civil Rights case, reported in One Hundred and Ninth United States Reports, page 11. In speaking of the provisions of the fourteenth amendment, the Court said:

> It is a State action of a particular character that is prohibited. Individual invasion of individual rights is not the subject-matter of the amendment.

What is murder but the invasion of the rights of the individual? It is not contended that there was any action by any State denying to the individual citizens of the State the protection of the law. The argument is, not as to any law, but as to the failure or alleged failure of some State to enforce the law.

The Supreme Court said:

> To adopt appropriate legislation for correcting the effects of such prohibitive State laws and State acts, and thus to render them effectually null, void, and innocuous. This is the legislative power conferred upon Congress, and this is the whole of it. It does not invest Congress with power to legislate upon subjects which are within the domain of State legislation; but to provide modes of relief against State legislation, or State action, of the kind referred to. It does not authorize Congress to create a code of municipal law for the regulation of private rights; but to provide modes of redress against the operation of State laws, and the action of State officers, executive or judicial, when these are subversive of the fundamental rights specified in the amendment.

The Court said further in this case:

> And so in the present case, until some State law has been passed, or some State action through its officers or agents has been taken, adverse to the rights of citizens sought to be protected by the fourteenth amendment, no legislation of the United States under said amendment, nor any proceeding under such legislation can be called into activity; for the prohibitions of the amendment are against the State laws and acts done under State authority.

Nowhere is it contended that wherever a lynching has occurred it has been done under State authority.

The Court said further:

> Of course, legislation may, and should be, provided in advance to meet the exigency when it arises, but it should be adapted to the mischief and wrong which the amendment was intended to provide against; and that is, State laws, or State action, of some kind adverse to the rights of the citizen secured by the amendment. Such legislation cannot properly cover the whole domain of rights appertaining to life, liberty, and property, defining them and providing for their vindication. That would be to establish a code of municipal law regulative of all private rights between man and man in society. It would be to make Congress take the place of the State legislatures and to supersede them. It is absurd to affirm that because the rights of life, liberty, and property (which include all civil rights that men have) are by the amendment sought to be protected against invasion on the part of the State without due process of law, Congress may therefore provide due process of law for their vindication in every case, and that because the denial by a State to any persons of the equal protection of the laws is prohibited by the amendment, therefore Congress may establish laws for their equal protection.

Gentlemen of the Senate, I submit that that at best is all that could be said for the present bill—that it seeks to establish laws for the equal protection of individuals; and the Supreme Court of the United States in this case distinctly stated that because the denial by a State to any person of the equal protection of the laws is prohibited by the amendment, it cannot be contended that Congress may have established laws for their equal protection.

> In fine, the legislation which Congress is authorized to adopt in this behalf is not general legislation upon the rights of the citizen, but corrective legislation, that is, such as may be necessary and proper for counteracting such laws as the States may adopt or enforce, and which, by the amendment, they are prohibited from making or enforcing, or such acts and proceedings as the State may commit or take, and which, by such amendment, they are prohibited from committing or taking.
>
> It is not necessary for us to state, if we could, what legislation would be proper for Congress to adopt. It is sufficient for us to examine whether the law in question is of that character.
>
> An inspection of the law shows that it makes no reference whatever to any supposed or apprehended violation of the fourteenth amendment on the part of the States. It is not predicated on any such view. It proceeds ex directo to declare that certain acts committed by individuals shall be deemed offenses, and shall be prosecuted and punished by proceedings in the courts of the United States. It does not profess to be corrective of any constitutional wrong committed by the States; it does not make its operation to depend upon any such wrong committed. It applies equally to cases arising in States which have the most just laws respecting the personal rights of citizens, and whose authorities are ever ready to enforce such laws, as to those which arise in States that may have violated the prohibition of the amendment. In other words, it steps into the domain of local jurisprudence, and lays down rules for the conduct of individuals in society toward each other, and imposes sanctions for the enforcement of those rules, without referring in any manner to any supposed action of the State or its authority.

If Congress ever believed that it possessed the power to provide that the acts of an individual could be prohibited by such legislation as is now proposed, Congress never would have resorted to the procedure of submitting the eighteenth amendment to the States for ratification. Congress realized that in the absence of constitutional authority it could not make criminal such actions as were thereafter declared to be criminal by the Volstead Act. Therefore, it proceeded in a legal way, with regard for the Constitution, first to amend the Constitution and then to enact the Volstead Act.

Here, without any attempt to have passed a resolution submitting to the States an amendment to the Constitution, which would give constitutional authority for such legislation, we proceed to legislate; we offer for the consideration of the Congress a measure which would make criminal the acts of an individual purely within the domain of a State, and without any claim of violation by State law of the rights guaranteed under the fourteenth amendment to the Constitution.

The Senator from Colorado a few days ago referred to the fact that among the States of the Union which had adopted penal statutes fining the officers of a county who were negligent, who failed diligently to enforce the laws, and author-

izing an action to be brought against such county, were the States of South Carolina, North Carolina, Ohio, Illinois, and two or three others I have now forgotten. I regret greatly that the Senator from Colorado could not have enumerated in that list the State of Colorado. I find that neither the State of Colorado nor the State of New York has taken any action to give to the family of one who is lynched a right of action against the county in which the lynching occurred. The States in which the authors of this measure live have failed to show the interest in the families of the deceased which has been shown by a number of States in the South. I only regret that those Members of the Senate who are so vitally interested in this question could not urge such action on the part of their own States before asking the Congress of the United States to enact this bill.

The Senator, of course, may say, insofar as the State of Colorado is concerned, that fortunately very few lynchings have taken place within the borders of that State. I assume that if one is to define "lynching" and describe it in any particular way, to say how a man must meet his death, by what means he must meet his death, in order to come within the definition of "lynching", the Senator could correctly make that statement. I recall some years ago, however, when I was serving as a Member of the House, having to go to the State of Colorado as a member of the Committee on Mines and Mining to investigate a most unfortunate situation existing there. A labor controversy had existed for some time. Armed conflicts resulted. Into the State there were imported detectives, as I recall, from the Baldwin-Phelps Detective Agency. They came into the State and were appointed special deputies at the mines, and the conclusion I reached was that they brought on most of the unfortunate difficulties which arose in the communities into which they were brought. The United Mine Workers were on strike. In defense, they armed themselves. They occupied tents. Colonies were established. They leased the land upon which their tents were located. I should hesitate now to say how many human beings lost their lives, but I think surely more than 200, from the beginning to the end of that conflict, ending, as I recall, with what was known as the "Ludlow disaster."

Listening today to the argument of the Senator from Alabama, my mind went back to the conditions then existing in the State of Colorado. Four members of the United Mine Workers of America did arm themselves. Machine guns were in the hands of their opponents. The lives of children, the lives of women, were taken during that conflict.

If two or three participated in the conflict, and as a result of it one of the deputies appointed by the operators of the coal mines should be killed, when officers were present on the scene, I am wondering who would be responsible for the conflict, under the language of the bill. It was almost impossible for us to tell in many instances; but if such a conflict should arise after the enactment of this legislation, as I construe it, the parties would have to be tried in the United States court. Certainly, if we may judge by the feeling which then existed, the operators of those mines, under the conditions existing in southern Colorado at the time, would have sought to take them into the United States courts, except in one or two counties where I believe they had sufficient control of local authorities so that they might have felt it was unnecessary to remove the cases.

I concur in the statement made by the Senator from Alabama [Mr. BLACK]. It matters not what motive was in the minds of those who drafted the bill or what purpose they sought to accomplish, under its language, whenever there is a conflict arising out of a labor controversy, those who are participating in it can be tried in the courts of the United States instead of in the State courts.

Mr. President, I desire to comment for a few moments upon some of the provisions of the bill. Paragraph (a) of section 3, provides:

SEC. 3. (a) Any officer or employee of any State or governmental subdivision thereof who is charged with the duty or who possesses the power or authority as such officer or employee to protect the life or person of any individual injured or put to death by any mob or riotous assemblage or any officer or employee of any State or governmental subdivision thereof having any such individual in his custody, who fails, neglects, or refuses to make all diligent efforts to protect such individual from being so injured or being put to death or any officer or employee of any State or governmental subdivision thereof charged with the duty of apprehending keeping in custody, or prosecuting any person participating in such mob or riotous assemblage who fails, neglects, or refuses to make all diligent efforts to perform his duty in apprehending, keeping in custody, or prosecuting to final judgment under the laws of such State all persons so participating, shall be guilty of a felony, and upon conviction thereof shall be punished by a fine not exceeding $5,000 or by imprisonment not exceeding 5 years, or both such fine and imprisonment.

Let us see what that section includes. It includes first of all the sheriff. It is provided in a subsequent subsection that "failure for more than 30 days after the commission of such an offense to apprehend or to indict the persons guilty thereof" or to prosecute such person, shall "constitute prima facie evidence of the failure, neglect, or refusal described in the above proviso."

There never was a man charged with the enforcement of the law who did not know that when there was a lynching and an officer attempted to ascertain who participated in the lynching, if he proceeded to the community immediately following the lynching, when everybody who participated in it was on guard, it was an absolute impossibility to secure any information as to the participants.

For a short while I served as prosecuting attorney. During the time I served there was one lynching. I went to the county in which the lynching occurred, for the purpose of securing information as to those who had participated in it. I resorted to every possible means to ascertain their identity. It soon appeared to me that if I hoped ever to secure the information I should have to wait until someone who participated was not on guard and should make some statement which would disclose the identity of the members of the mob or those who participated in the lynching.

If, perchance, after the enactment of this legislation it should be desired to discover who participated in a lynching, and the sheriff had to wait before going to the community for the reason I have stated, he would have facing him the provisions of the bill that if he failed to apprehend the guilty person within 30 days his failure would constitute prima facie evidence of guilt and make him liable to 5 years' imprisonment or to a fine, or to both imprisonment and fine.

In addition to that the section provides further that if the officer selected by the people of his State to serve as prosecuting attorney——

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. RUSSELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from South Carolina yield for that purpose?

Mr. BYRNES. I do.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson	Pope
Ashurst	Coolidge	Keyes	Radcliffe
Austin	Copeland	King	Robinson
Bachman	Costigan	La Follette	Russell
Bailey	Couzens	Lewis	Schall
Bankhead	Cutting	Logan	Schwellenbach
Barbour	Dieterich	Lonergan	Sheppard
Barkley	Donahey	Long	Shipstead
Bilbo	Duffy	McCarran	Smith
Black	Fletcher	McGill	Steiwer
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Gerry	Minton	Townsend
Bulkley	Gibson	Moore	Trammell
Bulow	Glass	Murphy	Truman
Burke	Gore	Murray	Tydings
Byrd	Guffey	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walsh
Carey	Hatch	Overton	Wheeler
Clark	Hayden	Pittman	White

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. BYRNES. Mr. President, under the terms of this bill, if three persons should secure custody of an individual charged with committing some offense which they believed

demanded immediate punishment and should do him injury, the matter would come within the jurisdiction of the United States court. If, however, the husband, father, or brother of one who had been injured should take the law into his own hands and either kill or do injury to the criminal, that would not be within the jurisdiction of the United States court. We have, by this bill, a one-man Constitution and a three-man Constitution. The United States court would have no jurisdiction of the case if the husband or father of the unfortunate victim of a rapist should immediately take his life. He could be tried only in the State courts, and under the language of the bill no offense would have been committed which would bring him within the jurisdiction of the United States court.

Mr. President, I wish to speak for a few minutes about the effect of this bill upon prosecuting attorneys. The language of the bill is:

A failure for more than 30 days after the commission of such an offense to apprehend or to indict the persons guilty thereof, or a failure diligently to prosecute such persons, shall be sufficient to constitute prima facie evidence of the failure, neglect, or refusal described in the above proviso.

By whom is a person indicted? Either by the district attorney in some jurisdictions or by the grand jury in other jurisdictions. Certainly under the laws of the State of South Carolina the indictment is by the grand jury. If the grand jury fails to indict someone within 30 days, it shall be construed as "a failure diligently to prosecute such person", and the United States court has jurisdiction over the grand jury in order to determine whether or not they are to be fined or imprisoned. If the prosecuting attorney fails to indict someone, then at the expiration of 30 days there is a prima facie presumption of his failure to diligently perform his duties, and upon such a showing the United States judge can take jurisdiction of the case against him for failure to diligently perform the duties of his office.

In other words, the duty is placed upon the sheriff first to get some man for this crime, and if he fails to do it he knows that he is liable to fine and imprisonment. Even after he gets him, if the grand jury, upon hearing the evidence, concludes—certainly in my State—that there is not sufficient evidence to warrant a true bill, then its members come within the provisions of this section.

Then, Mr. President and gentlemen of the Senate, just consider for a minute the position of the prosecuting attorney.

The prosecuting attorney, we have always been told, should bear in mind that it is his duty to see that no innocent man is punished in the criminal courts. He is not a partisan attorney, employed merely for the purpose of securing a conviction. It is his duty to act as the protector of the innocent man. If he attempts to do it, and reaches the conclusion that there is not sufficient evidence to warrant a true bill, or to warrant a verdict of guilty against the man, and takes that position in court, he is liable to punishment under the provisions of this bill.

Who is to pass upon that? I can picture the prosecuting attorney in a State prosecuting a case before a jury. He has been elected by the people of his county as prosecuting attorney. He is presenting the evidence in what he believes to be the best possible manner. He argues the case to the jury.

However, there may be present some representative of the Department of Justice, or the representative of some other organization, and that representative may conclude that the prosecuting attorney has not been diligent in endeavoring to secure a conviction at the hands of the jury, and he proceeds to take action against him, to bring to the attention of the judge of the United States court for that district the failure on the part of the prosecuting attorney diligently to endeavor to secure a conviction.

Let us see the position in which the court finds itself:

The district court of the United States for the district wherein the person is injured or put to death by a mob or riotous assemblage shall have jurisdiction to try and to punish, in accordance with the laws of the State where the injury is inflicted or the homicide is committed, any and all persons who shall participate therein.

What is necessary in order to confer jurisdiction upon the United States judge? First, it must appear to him—

That the officers of the State charged with the duty of apprehending, prosecuting, and punishing such offenders under the laws of the State shall have failed, neglected, or refused to apprehend, prosecute, or punish such offenders."

The question has been raised as to how it shall be made to appear to the court. Certainly there in this section there is nothing other than the statement that it must only be made to appear to the court that the prosecuting attorney in the State court has not been diligent.

Can it be made to appear by an affidavit? If an affidavit is presented, what opportunity is to be given to the prosecuting attorney to show that he was diligent? Who is to pass upon his diligence? Who can say what kind of argument the prosecuting attorney made to the grand jury, or what kind of argument he made to the petit jury? Who is going to say how well he presented his case to the jury through the witnesses? Certainly the United States judge, who was not present at the trial, cannot possibly say.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from South Carolina yield to the Senator from Texas?

Mr. BYRNES. I yield.

Mr. CONNALLY. In connection with the exact point which the Senator is now discussing, the Supreme Court of the United States has held in Collector against Day that the Federal Government can in nowise tax any agency of a State. We cannot tax the Governor's income or his salary. That was held in these words:

As the States cannot tax the powers, the operations, or the property of the United States, nor the means which they employ to carry their powers into execution, so it has been held that the United States has no power under the Constitution to tax either the instrumentalities or the property of a State.

In the face of that sort of a constitutional construction, the Federal Government cannot even tax the salary of the prosecuting officer, because he is free from Federal control in order to perform his duties as an officer of the State. Yet under this bill he could be put in the penitentiary, and there could be assessed against him heavy fines for carrying out his duties to the State, his sovereignty, the government which he serves. But the Supreme Court says that the Federal Government cannot even tax his salary, because it would be an infringement upon the sovereignty and the powers of the State which he serves.

Mr. BYRNES. Mr. President, I am glad the Senator from Texas has called attention to that decision. It is in accord with all the decisions.

In the language of the bill, it is provided that—

If such amount—

Referring to the award against a county.

If such an amount awarded be not paid upon recovery of a judgment therefor, such court shall have jurisdiction to enforce payment thereof by levy of execution upon any property of the county.

As the Senator from Texas has shown, that would be in direct violation of the Constitution. But even disregarding that, let me picture the absurdity of the provision.

In the State of Illinois unfortunately there is a labor controversy, we will assume. In the course of that controversy three of those who are on strike get into a conflict with some special deputy who is appointed, probably some one of the men imported to serve as guards. A guard is killed in the conflict, we will suppose. The three men who are on strike are taken into court and are charged with an offense against the laws of the United States, and doubtless would be convicted, or at least, from the experiences we have generally heard of, they would be in great danger of being convicted.

A suit is then brought in the United States court against the county, and a judgment is secured for the amount of money provided, not less than $2,000 and not more than $10,000. The county refuses to pay the $10,000, and what is the United States Government to do?

The United States Government goes in to mandamus. The county does not levy a tax. It does not in most States. They have tried it in the State of South Carolina, where we have a provision of the State constitution, and all they could ever do was to mandamus the county officers to put a provision in, an estimate, into a budget, which must be submitted to the general assembly, and then only by act of the general assembly could taxes be levied. In the State of Illinois, in the instance of a suit and judgment which was not paid, the United States Government could sell the county property. What property would it sell? Would it sell its courthouse? Would it go down and levy upon the courthouse? Who would buy the courthouse?

Mr. BANKHEAD. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. BANKHEAD. It is a general rule of law that before real estate can be sold the personal property must be exhausted. Would they not be required first to sell all the records of the county, and all the furniture in the courthouse, or anywhere else in the county, including the almshouse, before they could proceed to levy on the real estate?

Mr. BYRNES. Mr. President, I have thought possibly that would happen. If they did not take the courthouse, they were going to take the almshouse.

Mr. BANKHEAD. They would strip themselves of all personal property, and then resort to the almshouse and the courthouse.

Mr. BYRNES. The question of the Senator from Alabama strips the argument of all weight. I can see no possible way of enforcing this measure even if by any possibility the Congress should pass it, and the courts should hold it to be constitutional.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. CONNALLY. The Senator ought not to overlook, in some of the counties, some school buildings, also.

Mr. BYRNES. I thought that in many of them there would be some question as to whether the United States Government could take the school houses, the property of the school districts. I know one State that seems to be discriminated in favor of—the State of Louisiana. I see the junior Senator [Mr. OVERTON] in the Chamber. He, at least, has the comfort of knowing that if I am correct in believing that there are parishes and not counties in the State of Louisiana, his State might possibly escape, as all these punishments are visited upon counties and not upon parishes.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. BYRNES. I yield to the Senator from Kentucky.

Mr. LOGAN. What difference does it make if the courthouse is sold in a county where there is mob rule? The people who live there have no use for a courthouse, anyway.

Mr. BYRNES. If all the courthouses in the United States where an individual has been killed by three persons should be sold, it would mean the sale of every courthouse in the United States; for there is not a county in the United States where at some time in its history some individual has not been killed by three or more persons. There would not be a courthouse left in Kentucky.

Mr. SMITH. That is true, Mr. President.

Mr. BYRNES. Yet I am enough of an admirer of the great State of Kentucky to believe that a condition does not exist there which would warrant us in saying that we should abandon all hope of Kentucky. I do not. I still believe the people of that State are a law-abiding people. The records show that there, as in every other State in the Union, lynchings have been decreasing annually, and if the State is left alone they will continue to decrease. But I hesitate to think what would occur if such a bill as this should pass, and there should come into Kentucky and into every other State, minions from Washington who would seek to pass judgment upon the efforts of a prosecuting attorney, and to say whether or not he was exercising due diligence in trying to convict a man accused of murder. I believe that in Kentucky, as in Alabama, and wherever murder has occurred, the people have stood behind the officers of the law seeking to gain a conviction, and they should continue to do it; and if they continue to do it they ought not to be handicapped by men who would come to interfere with the enforcement of the law instead of promoting the enforcement of the law.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. RUSSELL. I have listened with a great deal of interest to the observations of the Senator from South Carolina, particularly to what he said with reference to the State of Lousiana not being affected, inasmuch as that State does not have governmental subdivisions which are designated as counties. I will state to the Senator from South Carolina, who has also noted the fact, that upon reading this bill it apparently would not apply to the District of Columbia, for some reason which has not been made clear by the authors thereof.

Mr. BYRNES. No, Mr. President; so far as I read the bill, the statement of the Senator from Georgia is correct. I recall that back in 1917 or 1918 there was quite a little controversy in the District of Columbia about a number of matters, as the result of which some gentlemen who were then busy upon Capitol Hill found it quite a dangerous thing to go to their hotels. People were being killed all over the city. Quite a large number were killed. I do not know that there was any intention on the part of any persons to exempt the District of Columbia from the provisions of the law. I do not see why it should be exempted.

I desire now to call attention to another matter. I read section 4:

> The district court of the United States judicial district wherein the person is injured or put to death by a mob or riotous assemblage shall have jurisdiction to try and to punish, in accordance with the laws of the State where the injury is inflicted or the homicide is committed, any and all persons who participate therein: *Provided*, That it is first made to appear to such court (1) that the officers of the State charged with the duty of apprehending, prosecuting, and punishing such offenders under the laws of the State shall have failed, neglected, or refused to apprehend, prosecute, or punish such offenders; or (2) that the jurors obtainable for service in the State court having jurisdiction of the offense are so strongly opposed to such punishment that there is probability that those guilty of the offense will not be punished in such State court.

How is that provision to be enforced? Suppose in the State of Michigan some unfortunate individual should be killed by three men riding by in an automobile, having with them a machine gun which they turn on the victim, and kill him. They ride off, and the prosecuting attorney is not able within 30 days to find out who occupied the machine. That would be prima facie evidence that the prosecuting attorney had not been diligent, and the sheriff had not been diligent, and that, therefore, they could be taken into the United States court.

There is a second proviso. The officers could be brought into the United States court for the reason stated, or, if they should arrest the man who was in the automobile and who fired the gun, and they should attempt to take him into the State court, some representative of the United States Government could ask that he be taken to the United States court on the ground that the jurors of that county were so strongly opposed to punishment that there was no probability of guilt being determined.

How is that to be ascertained? It is stated in the bill that it must first appear to the judge of the United States court. Are the Federal authorities going to examine the jurors, or are they going to take an affidavit from some man who goes into the State and who takes the position that in that particular county those who probably would be called for jury service would not render a true verdict? Are they going to indict a whole county of people and say there is no sentiment there in favor of law and order?

Mr. President, when I read that provision I know that so far as that particular section is concerned it will not be a very serious factor in the enforcement of law. I do not believe the district judge of any United States court who has regard for his oath of office will accept the statement of any individual that in any county of the United States where jurors have not even been drawn they are of such character,

that all those who are available for service are of such character that there is no probability that those guilty of the offense will ever be punished in a State court.

Then how are they to be punished in the United States court? Where are the jurors coming from? Presumably, county lines do not make a great change in the character of people.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. TYDINGS. I am sorry to say that in the State of Maryland recently there was a lynching. As it was very recent, I know the Senator is familiar with the happenings over there in a general way. I desire to point out that on that particular occasion State troops were rushed to the scene, but apparently insufficient numbers of them were there, and the people broke into the jail, got hold of the culprit, and killed him. However, the Governor did not stop there. The attorney general of the State and a battalion of the National Guard went into the community in an attempt to ascertain who had been guilty of this offense. The matter wound up in a riot in that section, and for a long while it looked as if additional blood would be spilled.

I do not mean to condone the lynching at all, but what I do mean to point out is that even with the best of intentions a State executive, really on the job, and with the National Guard at his disposal, and with a desire not to have lynchings, and to punish those implicated in lynchings, quite frequently finds that in the face of a mob he is powerless to carry out the law.

Governor Ritchie, in my State, won the commendation of people of humane instincts all over the country. To some extent it affected his political career, perhaps. I do not think, however, that was the deciding event. At any rate there was the Governor who perhaps did not act quickly enough, or did not do this, that, and the other, as we look back upon it, but who had every desire to throw around the accused every safeguard possible, and further than that, to go in after the deed was done and to right the wrong so far as he could. The Senator is familiar with that happening in the last couple of years, and it shows the futility, almost, of trying to find those who really were guilty of the offense. In line with what the Senator is saying, I simply make that observation to show the difficulty even when it is intended by high authority to bring order out of chaos in a situation of that kind.

Mr. BYRNES. Mr. President, I recall the story as it appeared in the newspapers. No one commended Governor Ritchie more sincerely and more heartily than I did at that time.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. COSTIGAN. The Senator, of course, is aware that under the proposed legislation in cases where all due diligence had been exercised by local peace officers the Federal jurisdiction would not attach.

Mr. TYDINGS. Mr. President, will the Senator further yield?

Mr. BYRNES. I yield.

Mr. TYDINGS. I know that the Senator from Colorado, in introducing this bill, was actuated by instincts and attributes of humanity, and I have tried to bring myself in line with his general thoughts. One of the difficulties I have found in supporting the bill—and I wish to overcome all of them that I can—is that when the courthouse is sold, so to speak, or when the $10,000 fine is levied on the county, I do not like to levy an extra tax or assessment on law-abiding people who in that particular community were opposed to the crime of lynching. I happen to know that in this particular case many people in the community were just as much opposed to it as the Senator was.

Yet under the terms of the bill we would tax them for their proportionate share of the $10,000. I suppose the Senator's answer to that question is, "That is true"; but there is no better way we could find to bring some measure of recompense to the children or the offspring of the man who had been lynched. As that was the best way we could get at it, we had to do it in that way. Nevertheless, the fact remains that it does penalize innocent people who had no part in the lynching, and to that extent we are embracing the very thing which we seek to eliminate.

Mr. COSTIGAN. Mr. President, will the Senator yield further to me?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from South Carolina yield further to the Senator from Colorado?

Mr. BYRNES. I yield.

Mr. COSTIGAN. Since the last remarks were addressed to me I merely wish to refer once again to the fact that in about 11 States of the Union there now are provisions in State laws making cities, or counties, or both, liable in such cases.

I directed the attention of the Senate the other day to the fact that Professor Chadbourn, assistant professor of law in the University of North Carolina, in a book entitled, "Lynching and the Law", published in 1933, compiled these statutes and introduced a table showing that in the State of South Carolina, one of the pioneer States in introducing and enacting this type of legislation, no lynching has occurred in any county of the State in which judgments under such a law were collected, as they were, against counties.

Mr. TYDINGS. I am glad to learn that from the Senator.

If the Senator from South Carolina will permit me further, my own feeling in the matter is that I should like to see every State in the Union, rather than the Federal Government, take whatever action it could logically take to discourage and minimize the promptings toward lynching.

Mr. BANKHEAD. May I answer the suggestion of the Senator from Colorado by stating that lynchings had about ceased, anyway. The fact that we have not had any lynching in South Carolina does not prove anything except that we are wiping it out. If we may be let alone, we will complete the job.

Mr. TYDINGS. I myself believe the number of lynchings is declining. My own State had a very enviable record. I am very sorry that recently that record was not maintained. I should like to support any legislation I could which would eliminate lynching. My only fear is that I doubt very much that we will accomplish what we hope by the bill which we are now discussing.

In that connection a lady came to my office the other day asking me to support the bill. By way of arriving at her viewpoint I said, "What would you have done if you had met Hauptmann the day after Mr. Lindbergh's baby was discovered dead?" She said, "I would have shot him down in cold blood, without the least hesitation." Yet the lady was there asking me to support antilynching legislation.

Mr. BYRNES. Mr. President, the Senator from Colorado said with reference to South Carolina that, after judgment had been obtained, no lynching occurred subsequently in that county. Last year no lynching occurred at all in South Carolina in any county. I am glad to say in the last 8 or 10 years our record has been a splendid one. The Senator's statement does not prove anything. I have heretofore quoted from the record to show that after the adoption of that provision, not by statute, but in the constitution of South Carolina, in the 10 years following the adoption of the constitution in 1895 there were just as many lynchings as had occurred in the 10 years preceding 1895.

One might consider the logic of Professor Charbourn that a mob, having in custody a rapist who had aroused the emotions to such extent that they were about to violate the law and take human life, would stop and say, "Now, we had better not lynch this man because the county will have to pay $2,000."

No; it would not be done!

There is only one way, and the one way is the way in which we have been proceeding; that is to have every teacher, every preacher, every editor, day in and day out, preach that lynching is murder, and for it there shall be no excuse; that the law must be upheld at all hazards. In response to that a sentiment has grown which has resulted in a wonderful improvement not only in our State, but in every other State. The figures have been placed in the

RECORD. It ought to be known by all men that since 1882 when there was a total of 113 lynchings, the number has decreased until 1932 when there were but 8 lynchings in all the Nation, though the number increased to 28 in 1933, but again last year decreased to 15.

There were but 15 lynchings in 1934, according to figures compiled by the Tuskegee Institute, and even as to those there is always some question because it is difficult for some people to agree as to exactly what constitutes a lynching.

There will be even more difficulty, if we enact such a statute as is here proposed, to determine, if three persons participate and a human being is killed, whether it is a lynching. I imagine in what has been classified as "lynching" by the Tuskegee officials, they have had in mind where there was a mob composed of a large number of people, and not merely an assemblage of three persons who would constitute a mob under the terms of the bill which we are here discussing.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. BYRNES. Certainly.

Mr. LOGAN. I know the Senator means to be fair, but he and other Senators have argued the matter from a standpoint which I think is erroneous. The bill does not provide that if three persons simply go out and kill a man, then the provisions of the bill shall apply; but he must be someone who is in the custody of an officer, who has been convicted of a crime, or charged with a crime, or is suspected of a crime. It is not a question of three men conspiring together to go out and kill a man.

Mr. BYRNES. If he is suspected.

Mr. LOGAN. In other words, he must be a criminal who is either in custody or whom the officers are preparing to take into custody, and then if three or more men take him they constitute a mob.

Mr. BLACK. Mr. President, will the Senator from South Carolina yield to me at that point?

Mr. BYRNES. Certainly.

Mr. BLACK. Unfortunately the Senator from Kentucky is mistaken. I analyzed this morning the first paragraph of the bill. All the Senator has to do is to read the bill in careful detail to see that no such requirement is there. As a matter of fact, it is provided under one of the clauses that he must be in prison or in custody or must be suspected of a crime, but under another clause, all that is necessary is that three or more persons shall meet and as a consequence of their meeting together the man or the corporation—because the provision includes corporations—shall be deprived of due process of law, or be deprived of equality under the law.

I know the keen legal mind of the Senator from Kentucky, and the training he had on the supreme court bench. I would suggest that the Senator read the bill carefully and in connection with it the brief of Mr. Tuttle, which is a very able brief. He will find there are three different conditions which control the group of three people and bring them within the definition of a mob. Two of them do not require that it be an injury to someone who is in custody or has been suspected of a crime.

Mr. WAGNER. Mr. President, will the Senator yield for just one question?

Mr. BYRNES. I yield.

Mr. WAGNER. Instead of dealing in technicalities, as it is so easy to do if one seeks reasons for opposition, why not face the facts? Is it not generally known what lynching is and how it takes place, so that when we talk about it we confront not some imaginary situation but something which everybody knows and recognizes? We know how lynchings occur and what they are.

Mr. BYRNES. Mr. President, if the Senator from New York knows what a lynching is, what is it? If everybody knows it, will the Senator tell us what it is?

Mr. WAGNER. The Senator from South Carolina has talked about lynchings. He has said that only so many have taken place in his State and so many in another State, that there are less lynchings now than there were some years ago, and that, therefore, this legislation is unnecessary. He intimates that if a thousand victims were involved they would be entitled to protection, but that if only 15 lose their lives they are not entitled to protection. That is a sort of logic that I cannot follow.

Mr. BYRNES. The Senator from New York is the author of the bill in which it is stated that it is a bill to prevent and punish the crime of lynching, and he says everybody knows what lynching is. I ask the Senator if he will tell us what constitutes a lynching. He is the author of the bill, and if we are wrong about it I should like to have the author of the bill tell us what constitutes a lynching. He says everybody knows. Now, what is it?

Mr. WAGNER. The Senator from South Carolina has been talking about lynchings.

Mr. BYRNES. I have been talking about the bill the Senator from New York introduced. What is it, then?

Mr. WAGNER. One is charged with a crime—and, by the way, it is not always rape. As a matter of fact, the records show that offenses other than rape are charged most generally. Some very trivial offenses have been charged, usually against persons of a certain race. When a suspect is apprehended, and the community is aroused, and three or more persons go into the jail and take the victim from the custody of a sheriff and string him up to a pole, or do something like that, that is called a lynching. When that occurs, either with the connivance of the sheriff or other official or through his neglect—and we know exactly what that means—then not only is the officer in such a case guilty of a crime but the county should pay by way of liquidated damages for his offense.

Mr. BYRNES. Mr. President, I know the Senate is delighted to have the author of the bill advise us that what he intended to say when he drafted this bill was that if two or more men enter a jail and take a prisoner——

Mr. WAGNER. No; I am not limiting the definition to that. The Senator from South Carolina asked me about the ordinary case of lynching. That is the ordinary case. There are other cases.

Mr. BYRNES. This bill is to prevent and punish the crime of lynching. Therefore, it is good to know not only what is in the proposed law but what it was the intention of the Senator from New York to place in the proposed law.

Mr. WAGNER. I do not wish to have the Senator from South Carolina confine me to that particular definition, because there are other cases where the official whose duty it is to protect the prisoner or to apprehend the offender fails to do so.

Mr. BYRNES. Is that lynching?

Mr. WAGNER. No; but that is neglect to protect the particular individual charged with the crime.

Mr. BYRNES. Mr. President, I know we are fortunate in having the Senator from New York tell us exactly what we are doing.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BYRNES. Before yielding, I should like to say that, while the bill is said to be a bill to prevent lynching, of course, we know that regardless of the intention of the author of the bill, if the intention has not been expressed in the law, it is unfortunate so far as the victim is concerned who is hauled up for violating the law. Nevertheless, what the Senator intended to say in drafting this bill was that whenever two or more persons enter a jail and take a prisoner and carry him out and hang him up to a pole and kill him they shall suffer the penalties that are provided.

Mr. WAGNER. Yes; they are guilty of lynching.

Mr. BYRNES. It is unfortunate that that is not the way the bill is expressed. If it had been, it would have made unnecessary a great deal of the debate which has proceeded according to the language of the bill. The language of the bill is entirely different.

Mr. BLACK. Mr. President——

Mr. BYRNES. I yield to the Senator from Alabama.

Mr. BLACK. The Senator from New York asked if there was any misunderstanding on the part of anybody as to what a lynching is. I called attention today to the fact that Alabama has been charged with a lynching, and I gave the

facts. They are the facts as stated, even in the publication which referred to the occurrence as a lynching. I challenge anybody to make the statement, under those facts, that that was a lynching. That is one case where there was clearly a mistake.

Mr. BANKHEAD. Mr. President, I should like to have my colleague restate those facts.

Mr. BLACK. It was a case where three girls were held up by a man with a pistol, and one of the girls broke away and went to a nearby meeting and told the persons at that meeting that they were being assaulted; and men in the meeting rushed to the place, and the man who was assaulting the girls proceeded to break away and shoot at them, and they shot him and killed him. That is the "lynching" which was charged up to the State of Alabama last year!

Mr. BYRNES. And under this bill the family of the rapist in that instance would be entitled to sue and recover $10,000!

Mr. BLACK. He did not succeed in his purpose. The men got there before he could take the girls away, even at the point of a pistol.

Mr. BYRNES. The man was committing the assault, then, with intent to commit rape.

Mr. BLACK. But here is the point: The Senator from South Carolina calls this an antilynching bill. He read the title of the bill, and designated it as an antilynching bill. I submit that the only place where it can be said to be an antilynching bill is in the title. I submit that the bill covers far more than an antilynching measure does, as I have set out here today.

Mr. WAGNER. Mr. President, will the Senator yield for a suggestion?

Mr. BYRNES. I yield.

Mr. WAGNER. In view of these differences of opinion, would not the logical thing be to proceed with this proposed legislation as we have proceeded with other proposed legislation? Let us bring up the bill for consideration, and if the language of the bill does not accurately reflect what it is intended to accomplish, then we may by amendment and discussion and deliberation perfect the language, for out of this composite view there undoubtedly would emerge a perfected bill. It seems to me illogical to discuss the merits of the bill now, when the pending motion is merely that the Senate take up the bill for consideration, deliberation, amendment, and then final action one way or the other.

Mr. BYRNES. Mr. President, in the first place, I desire to say that I stated at the outset that I was addressing my remarks to the motion of the Senator from Texas [Mr. CONNALLY] to amend the motion of the Senator from Colorado [Mr. COSTIGAN], and to take up the bill providing for the payment of the adjusted-compensation certificates. I stated that I believed that motion to be a wise one, because I did not believe in the provisions of this bill, and I was showing the reasons why I took that position. I submit to the Senator, however, in all seriousness, that when it does appear that there is such an absolute difference of opinion even as to what constitutes lynching, and when I think the Senator, upon reading the bill, will agree that it does not express the view of lynching which he expressed here a few moments ago, the thing to do is not to consider the bill at this time, but to redraft it in accordance with the Senator's statement of his intention, and reintroduce it at a later date, when it can be considered.

Mr. WAGNER. There are some amendments which the Senator from Colorado [Mr. COSTIGAN] and I have agreed to offer the moment that the bill is up for consideration. Our minds are open. If there are Senators interested in this legislation who will suggest language that is more desirable than the language used, of course we shall accept it. That course has been followed every day. Why make an exception of this particular legislation, by preventing us from even bringing the matter up for consideration and amendment? Since I have been in the Senate, I do not know of any other piece of legislation reported by a committee that occasioned a discussion of the merits of the measure upon a motion to take the bill up for consideration.

Mr. BYRNES. Mr. President, there is nothing about the motion to bring the bill up for consideration which makes it at all sacred. Pending at this time is the bill for the payment of the adjusted-compensation certificates, to be followed by the N. R. A. bill and the social-security bill. The Finance Committee declares it is ready to bring those measures in.

The Senator from New York says he and the Senator from Colorado [Mr. COSTIGAN] have talked about a number of amendments. Now, when it appears that as to the very foundation thing, the definition of lynching, what is, according to the title, sought to be prevented, there is to be an amendment, I suggest that the Senator should first change the language of the bill in its definition of lynching, and perfect these other amendments, and then next week he can offer it.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

Mr. BYRNES. I yield.

Mr. WAGNER. Does the Senator think that when the national recovery bill comes up for consideration there will be no perfecting amendments offered and adopted upon the floor?

Mr. BYRNES. No; I do not.

Mr. WAGNER. Or that when the social-security bill and the bonus bill are up for consideration there will not be some Senators who will offer amendments to perfect the legislation? Why not deal with this antilynching legislation just as we shall deal with the N. R. A. legislation, the social security legislation, the labor-disputes bill, and other bills which we are bound to consider before we adjourn? What is there about this proposed legislation that should prevent its receiving the consideration which I know we shall accord the measures which the Senator predicts will be reported?

Mr. BYRNES. Mr. President, I regret exceedingly that the Senator from New York has not been able to be here, or he would have heard a number of reasons urged. First, there was presented the question of the unconstitutionality.

Mr. WAGNER. Oh, well——

Mr. BYRNES. The Senator says "Oh, well." I know he would be opposed to considering the constitutionality, but still that has been urged with great force by Members of the Senate who believe it is a matter still to be considered.

Mr. WAGNER. Is not that so as to every piece of new-deal legislation that has been proposed? Has not all such legislation been attacked, particularly by the other side, upon the ground that it was beyond our constitutional authority to enact laws of that kind? If we are satisfied with the merits of the proposal, we can safely leave the constitutional question to be determined by the courts.

Mr. BYRNES. I know that that is the attitude of the Senator.

Mr. WAGNER. It is the attitude of the Senator from South Carolina, too.

Mr. BYRNES. If the Senator is satisfied with it, we need never consider the constitutionality at all.

Mr. WAGNER. It was the attitude of the Senator from South Carolina with reference to the National Recovery Act, and with reference to other measures we have enacted here, which were attacked particularly as being in contravention of the Constitution. It did not disturb the Senator very much that constitutional questions were raised.

Mr. BYRNES. I am very glad to have the Senator make a speech, but the trouble with the Senator is that when he discovers that he cannot exactly justify his position he speaks of attacks from the other side. Nobody from the other side is attacking the constitutionality of this measure, with the exception of one or two. No one on the floor of the Senate has attempted to support the constitutionality of the measure except the Senator from New York and the Senator from Colorado, in two prepared addresses. Every other Senator who has addressed the Senate upon the measure has declared what the United States Supreme Court has decided, that legislation of this character is unconstitutional.

When the Senator says that when the security legislation is offered some amendments may be offered, I agree; but no

amendment will be offered and seriously considered which will entirely change the character of the measure. Yet the Senator now says that his definition of "lynching" is that two men must go into a jail, pull a man out, and hang him to a telegraph pole. That is what the Senator said.

Mr. WAGNER. Mr. President, the Senator asked me what the ordinary case of lynching was. The Senator must not make misstatements of fact.

Mr. BYRNES. I read to the Senator the language of his own bill, and asked him to give us the benefit of a statement as to what he intended by that language. His language is in the RECORD, and by that I am willing to stand. I contend he made an entirely different statement than that which is contained in the bill, a statement which is entirely different in effect from the language of the bill.

I wish to submit further that from the standpoint of policy the measure should not be considered at this time. I have read heretofore from the record as to the improvement in conditions. I know that the Senator from New York is inspired by no motive other than a laudable one, to make punishable an offense which he believes is not punished in every State of the Union with the speed with which some people would like to have it punished. But I think the Senator from New York agrees that the development of sentiment in this Union for the enforcement of law for the prevention of lynching is nothing short of remarkable. The States have been doing remarkable work, because the best elements in every State have been devoting their time to teaching, preaching, and writing in an effort to encourage a sentiment in behalf of law and order, and in condemnation of lynchings wherever and whenever they occurred. We are making headway with the development of this fine spirit of law enforcement, and at this time, when we are proceeding to reduce the commission of this offense, no matter how it is classified, we should not be handicapped.

Mr. BLACK. Mr. President, will the Senator yield to me?

Mr. BYRNES. Just one moment, and I will yield.

The debate with my friend, the Senator from New York, was brought about by my statement that it is difficult to classify lynchings. The officials of Tuskegee Institute hardly ever agree with other authorities on the subject. The Day Book will show a number differing from the number given by Tuskegee, and necessarily there must be some difference. My statement was simply to show that at times it is difficult to tell how the statisticians arrive at their conclusions and figures.

Now I yield to the Senator from Alabama.

Mr. BLACK. The Senator was discussing another point, concerning which I intended to make a suggestion.

The Senator called attention to the extent to which we had reduced this particular crime in the United States. As a matter of fact, statistics show that we have reduced this crime in the United States more than any other crime on the statute books has been reduced. Take the crime of murder, for instance, in the State of New York or in the State of Alabama. Take the crime of burglary in the State of Alabama, or the State of New York, or in the Nation. It will be found that the crime to which the bill is directed has been reduced far more than murder, burglary, robbery, stealing, or any other crime has been reduced.

The Senator asks why, if there were only 14 lynchings last year, should we pass this bill? Why should we select one class of crimes in the prevention of which we have made more remarkable progress than in the case of any others in the Nation? We have not made that progress with reference to convictions for burglary or murder.

Mr. BYRNES. I will say to the Senator from Alabama, who has devoted considerable thought to the legal aspects of this subject——

Mr. WAGNER. Mr. President, will the Senator yield to me for a question?

Mr. BYRNES. I will yield in a moment.

The Senator from Alabama refers to other offenses. If, under the Constitution, we have the power to legislate with respect to three or more persons participating in killing a human being, why, under the Constitution, cannot Congress legislate that if two or three persons participate in burglary, the offense referred to by the Senator from Alabama, they can be tried in a United States court? By what reasoning could we say that Congress did not have the right to provide that where three persons participated in a burglary they could be tried in the United States court?

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. BLACK. I not only say it with reference to three, but with reference to one. This bill is based on the theory that it rests on the fourteenth amendment. The Supreme Court has held that the fourteenth amendment protects property rights as well as personal rights; and this particular bill would cover the case of burglary if it were intended to do so, because it is not limited to lynchings, as I stated, but to cases which come within the purview of depriving one of due process of law. When anyone takes a man's property from his house by burglary, he does not do it by due process of law. He does it beyond the law. There is no due process of law connected with it; so there is no reason why we should not include burglary if we include lynching. There is no reason why we should not, for instance, take cognizance of the fact that gang killings in the city of New York, in the city of Chicago, in the city of Cleveland, and in various other cities of the Nation, have not been decreasing but increasing.

We deprive people of their property without due process of law. If we are to enact Federal legislation to protect where there is the most crime, why is it necessary to shut our eyes and not see where the crime actually is? We all know there has been more crime in this country of the type of gang killings, gang rackets, racketeering, and crimes of that kind, than any other type of crime in America; and yet in this bill there is picked out the only type of crime which the American people have turned their faces against, and brought down to the lowest point in all the history of the Nation, making a record which is absolutely the most commendable of any record we have established in connection with the suppression of crime. In the case of the crimes which have been decreasing, we are asked if there are 14 crimes of a particular kind, why we ought not to invite Federal legislation. Then why not invite Federal legislation to stop the crimes that are the most prominent, the most terrible, the crimes increasing most in number and in viciousness?

Mr. WAGNER. Mr. President, will the Senator yield for a question?

Mr. BYRNES. I yield.

Mr. WAGNER. Of course, the Senator and I will surely agree upon the proposition that it is the duty of the Federal Government to see that the States give equal protection of the laws to its citizens. That is not merely a State function, but also the duty of the Federal Government. It is a mandate of the Federal Constitution. Will the Senator tell me, if he has the statistics, how many prosecutions there have been of those charged with the crime of lynching in relation to the number of lynchings that have taken place? And, secondly, after he has given us the number of those who have been prosecuted for these crimes, will he give us the percentage of convictions?

Mr. BLACK. Mr. President, before the Senator does that, will he yield for another question in connection with it?

Mr. BYRNES. I yield.

Mr. BLACK. If he has those statistics, will he also tell us what was the number of gang crimes committed last year in Chicago, in New York, and in the other great cities of this country? Will he tell us, if he has the statistics, what percentage of the criminals were apprehended? Will he tell us what percentage were convicted?

Mr. BYRNES. Mr. President, the Senator from Alabama has answered the Senator from New York.

Mr. WAGNER. That is the answer; is it?

Mr. BYRNES. Mr. President, if it does not answer the Senator from New York, it is because he does not desire to receive information.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. GLASS. After all, when people who engage in lynch law are tried, are they not tried by jurors?

Mr. BYRNES. They are.

Mr. GLASS. Do they not have the right, under the Constitution, of trial by jury?

Mr. BYRNES. Undoubtedly.

Mr. GLASS. Are not the jurors drawn from the very same people in the State courts as in the Federal courts?

Mr. BYRNES. Absolutely.

Mr. GLASS. Then why may we not expect convictions in State courts just as well as in Federal courts?

The whole thing goes back to this utterly vicious tendency to invade the police powers and every other power of the States for political purposes.

Mr. BYRNES. Mr. President, the Senator from Virginia has stated the matter much better than I could ever hope to state it. When, under a section of this bill, it is provided that it must be made to appear to the court—

> That the jurors obtainable for service in the State court having jurisdiction of the offense are so strongly opposed to such punishment that there is probability that those guilty of the offense will not be punished in the State court.

Where are the jurors for the United States court to be obtained, as the Senator from Virginia inquires? From that county and from the adjoining counties—the same kind of people. If there could not be found in a county jurors who would probably find a true verdict under their oaths in the State court, what right have we to expect that it could be done in the United States court? It would be utterly impossible, but that is proposed to be done by this bill.

There is another provision to which I should like to call attention. In the section providing that the county shall be liable, it is provided that—

> In the event that any person so injured or put to death shall have been transported by such mob or riotous assemblage from one county to another county or counties during the time intervening between his seizure and injury or putting to death, the county in which he is seized and the county in which he is injured or put to death shall be jointly and severally liable to pay the forfeiture herein provided, and action shall be brought and prosecuted by the United States district attorney of any district wherein any such county is located.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. WAGNER. I asked the Senator to give me some statistics.

Mr. BYRNES. Mr. President, I was interrupted by the Senator from Alabama——

Mr. WAGNER. This will only take a second, Mr. President. I will give the Senator authentic statistics on that. There have been 5,071 lynchings in the United States since 1882, and 280 since 1922. Since the turn of the century only eight-tenths of 1 percent of these crimes have been followed by prosecutions, and in only 12 instances have convictions resulted.

Mr. BYRNES. Mr. President, I have not the statistics, but I wish I could make such a statement as to the commission of similar crimes in the State of New York of the character described by the Senator from Alabama, the gangster crimes. Those of us who read the newspapers are filled with horror as we read of the commission of crimes wherever they occur, whether the crimes be of the character described by the Senator, where a man is taken and hung up to a pole, or whether a man innocently walking along the streets of Chicago, New York, or some other great city, is shot down from an automobile by a machine gun, the automobile continuing on its way, scattering death wherever it goes, with no hope of ever convicting the criminals, no hope of ever trying them, or ever taking them.

Those of us who live in other sections extend sympathy to the law-abiding people of New York who would like to prevent the commission of such crimes, and would like to see them punished when they do occur.

We know, however, that such matters must be left to the people of New York. Not only under the Constitution, but under all good common sense such matters must be left to them, and we rely upon the law-abiding people of that State, the overwhelming majority of whom denounce such crimes, to build up a sentiment which will prevent them or, whenever they do occur, will see that those who commit the crimes are punished.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. WAGNER. I shall get the statistics for the Senator, because he is interested in that question, but there has never been a suggestion made, in any of these cases, that any of those offenses were committed with the connivance of any public official, or through his failing to protect the innocent victim.

Mr. BYRNES. Mr. President, I wish I could agree with the Senator.

Mr. WAGNER. I shall give the Senator the statistics.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BYRNES. In just a moment.

In the first place, the Senator from New York could not give me any statistics because they never have been able, in the city of New York, where he lives, to keep up with the number who are killed each year, and the Senator knows it. Many crimes are committed where the criminal could not be detected because of the great population. The Senator from New York can never be able to give the statistics of human beings who have lost their lives. The Senator says that in no case has there been any connivance. Hereafter I shall endeavor to keep a little scrapbook for him about such matters, because I know it would enlist his sympathy.

Mr. BLACK. Mr. President, will the Senator remind the Senator from New York of Lieutenant Becker?

Mr. WAGNER. Yes; and Becker was prosecuted, convicted, and executed.

Mr. BYRNES. Mr. President, I only want to say that because such statistics are not available, and the Senator from New York says such things are not done, I am going to present the little scrapbook to the Senator. Because of his wonderful industry, his wonderful intellect, I ask him to use some of it in the State of New York to get his State to enact a law similar to that enacted in South Carolina, so that when a human being is killed by three or more, the family of the deceased may recover something from those who killed him. He should do this before he comes to the Congress and asks Congress to legislate in that way for other States of the Union.

Mr. GLASS. Mr. President, right on that point let me say that I have here the statutes of Virginia, and I invite the Senator from New York to contrast them with the statutes of New York against mob violence and lynching.

Mr. BYRNES. The Senator from New York has no statute with which to contrast the statutes of Virginia.

Mr. WAGNER. The Senator overlooks the fact that when this bill is enacted into law it will apply to New York just as it will to any other section of the country.

Mr. BYRNES. That is what I said. The representative of the great State of New York rises on the floor of the Senate to say, "We cannot do it in the State of New York; New York would not do it; so we come to the United States Government and ask that the United States Government shall force us to do something for the innocent victims of the mob." The Senator from Virginia [Mr. GLASS] has said that in his State a law has been enacted to provide for such cases. That is true of North Carolina, South Carolina, Illinois, and Ohio, but nothing of the kind has been enacted in New York or in Colorado.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. BLACK. The Senator from New York said that never had it been charged that the gangsters and racketeers in New York were protected by the officials and the politicians. During the many years I have heard of gang killings and racketeer killings, it has been charged all over the country in every State in the Union that frequently the criminals are protected by political clubs, by politicians, and by officers, and I include in that the charge that has been printed frequently

for many years that they are protected by political organizations in the city of New York. Why should the Federal Government be called on to attempt to purify the city of New York? Of course, I understand New York might be able to purify all the other sections of the country, but I have always heard something about taking the mote out of one's own eye before beginning work on the beam in somebody else's eye.

Mr. BYRNES. I think the Senator from New York has heard that suggestion, too. Others have heard it, I know.

As a matter of fact, I have spent considerable time denying the truth of the charge to which the Senator has referred, and I think all of us have. It is charged that these officials in the city of New York were guilty of conniving with those committing crimes. I did not believe it possible to the extent it was charged throughout the country. I am still hopeful that it is not so.

Mr. President, I desire now to return to a discussion of the details of the bill. Among those details is a provision to which I invited attention a few moments ago, that if a person injured shall have been transported by a mob or riotous assemblage from one county to another county or counties during the time intervening between the seizure and the injury or putting to death, the county in which he is seized and the county in which he is injured or put to death shall be jointly and severally liable.

In other words, if a man is taken in a county adjoining the city of Washington and is transported into another county under the cover of darkness and there put to death, the county into which he is carried, having nothing to do at all with the matter, the county whose people are not engaged in the matter, the county which has committed no offense other than to exist and to have a telephone pole or a tree, is to be held liable. Because in the middle of the night there were not sufficient officers of the law standing all along the border line of the county to prevent coming within the borders of the county the mob with this individual; because they failed to do that and the man was killed in that county, the taxpayers of that county must be forced to pay damages, possibly $10,000, to the heirs of the deceased.

The bill even provides that in a case where a mob takes an individual from one county to another if they should cut across the corner of a third county then each of the three counties shall be liable for not less than $2,000 and not more than $10,000, and innocent taxpayers, having nothing to do with the affair, must pay taxes because of the action of some people in a county removed possibly 75 or 100 miles. In this day of automobiles and good roads, when men travel across county lines rapidly, such an event is possible at any time, of course. Such a provision would be utterly impossible of enforcement, and absolutely unfair if it could be enforced.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. BANKHEAD. I should like to know if the Senator means, if a mob of racketeers or otherwise in the night should be organized along the line of one county and without any notice pass across the county line into another county, that the Senator from New York [Mr. WAGNER] proposes to tax the county into which they pass although it and its officials had nothing to do with the affair? Is that the sense of justice contained in this measure?

Mr. BYRNES. It is not only proposed to give the right of suit, but if they do not pay the judgment the courts may proceed to sell the property of the county, the courthouse, the almshouse, even the schoolhouses, and thus take away the opportunity for education, in order to compensate for an action occurring in another county. Let me read the provision:

SEC. 6. In the event that any person so injured or put to death shall have been transported by such mob or riotous assemblage from one county to another county or counties during the time intervening between his seizure and injury or putting to death, the county in which he is seized and the county in which he is injured or put to death shall be jointly and severally liable to pay the forfeiture herein provided, and action shall be brought and prosecuted by the United States district attorney of any district wherein any such county is located. Any district judge of the United States District Court of the judicial district wherein any suit or prosecution is instituted under the provisions of this act may by order direct that such suit or prosecution be tried in any place in such district as he may designate in such order.

Accordingly, it may be tried in any county of the judicial district in which the judge is presiding.

Mr. WAGNER. That is, the constitutional provision of the State of South Carolina imposes upon the particular county where the lynching takes place a fine or liquidated damages of some kind?

Mr. BYRNES. It provides in all cases of lynching where death ensues that the county where the lynching shall take place, without regard to the conduct of the officer, shall be liable in exemplary damages of not less than $2,000 to the legal representatives of the deceased.

Mr. WAGNER. Is that different from the provision in this bill?

Mr. BYRNES. It is somewhat different.

Mr. WAGNER. Does the Senator approve or disapprove that?

Mr. BYRNES. I was in favor of the constitutional provision. I have been pleading today, though the Senator from New York was not here, and I repeat my plea now, since he is here, that the Senator from New York use his influence to have a similar statute enacted in his State if he believes it is constitutional without a constitutional provision. I doubt it. Such a provision is in our Constitution; but, because of the Senator's interest in it, I hope he will have the State of New York do likewise, because, if the Constitution authorizes it, it is within the power of the State to do it.

Mr. WAGNER. Then I misunderstood the position of the Senator from South Carolina. I understood him to criticize the proposition of compelling a county to pay at all when a lynching occurs within its borders.

Mr. BYRNES. Oh, no! We have been discussing that subject all afternoon. What we are discussing is taking the man into another county.

Mr. WAGNER. That is what we are discussing at this moment; but some time ago the Senator from South Carolina referred to the imposition upon a county of the payment of liquidated damages.

Mr. BYRNES. The Senator misunderstood me.

Mr. WAGNER. Then the Senator agrees upon the principle of making a community or a county pay when a lynching occurs in that community or county. But the Senator takes the position that each State should enact a statute of its own; that the provision ought not to be in a Federal statute?

Mr. BYRNES. If, under its constitution, it can do so.

Mr. WAGNER. Of course, the attitude of the Senator from South Carolina differs from that of some of his colleagues in this respect.

Mr. BYRNES. I have called attention several times to the States wherein such constitutional provisions and such statutes exist, the eight of them that are cited in the record. I have expressed the hope that other States, including the State of the Senator from New York, would do the same thing; and I have stated that if any good could be accomplished by that course, that was the way to do it, and not by a Federal statute. That is the position I have been endeavoring to present; but what I desired to call to the attention of the Senator was that under the present bill, the case in behalf of the heirs of the deceased is to be tried in the United States courts, and it may be tried in another county. The provision is that the district judge of the judicial district "wherein any suit or prosecution is instituted may direct that such suit or prosecution be tried in any place in such district as he may designate in such order"; and the county to which the prisoner or the victim of the mob is taken, having nothing to do with it, is likewise made liable to the heirs of the deceased.

Mr. President, I heard some Senators say they wish to vote. I do not desire to be interrupted when I am addressing the Senate upon the details of this nefarious bill.

Mr. ROBINSON. Mr. President——

Mr. BYRNES. I yield to the Senator from Arkansas.

Mr. ROBINSON. The Senator from South Carolina has not concluded his address?

Mr. BYRNES. I have not. I could conclude in 30 minutes or so, I think.

Mr. COSTIGAN. Mr. President, will the Senator yield to permit me to offer for the RECORD some messages received today?

Mr. ROBINSON. Yes.

Mr. COSTIGAN. I am in receipt of various telegrams on the antilynching bill from different parts of the country; also, a resolution adopted by the city council of Denver, my home city. I ask unanimous consent to have these messages placed in the RECORD. I should say that one of the telegrams, which is from Denver, is signed by two of that city's most prominent and estimable citizens, one the pastor of Plymouth Congregational Church. Mr. Platt Lawton, who also signs, has been helpfully active for years in our civic affairs. The other messages speak for themselves. I ask unanimous consent to have them printed in the RECORD.

Mr. CONNALLY. Mr. President, reserving the right to object, I should like to examine the telegrams first.

The VICE PRESIDENT. The Senator reserves the right to object. Is there objection to the request from the Senator from Colorado?

Mr. CONNALLY. There is.

The VICE PRESIDENT. The Senator from Texas objects.

Mr. COSTIGAN subsequently said: Mr. President, the Senator from Texas [Mr. CONNALLY] temporarily objected to the insertion in the CONGRESSIONAL RECORD of certain messages and a resolution received and tendered for publication. It is my understanding that he withdraws his objection.

Mr. CONNALLY. I withdraw the objection.

The VICE PRESIDENT. Is there objection to the insertion of the messages and resolution in the RECORD?

There being no objection, the messages and resolution were ordered to be printed in the RECORD, as follows:

DENVER, COLO., *April 27, 1935.*

Senator EDWARD P. COSTIGAN,
Washington, D. C.:

Denver Interracial Commission of 84 citizens, representing educational, business, religious, and civic leadership, protestant, Catholic, and Jewish, are vitally concerned about passage of Costigan antilynching bill. Wide-spread sentiment in Colorado favors this effective measure for abolishing lynching, a national disgrace and peril.

VERE V. LOPER, *President.*
PLATT R. LAWTON, *Secretary.*

Resolution no. 17

Whereas lynching has for many years been a national disgrace and contrary to the fundamental American principle that the punishment of crimes should be meted out through the orderly processes of the courts, rather than resort to mob violence; and

Whereas many innocent American citizens have lost their lives as a result of lynchings on account of mistaken identity; and

Whereas the United States Government is better equipped to cope with the situation than the several States; and

Whereas there is now before the Congress of the United States a bill known as the "Costigan-Wagner antilynching bill", which is designed to remedy this condition: Now, therefore, be it

Resolved by the council of the city and county of Denver, That the Congress of the United States be requested to enact said bill into law, and that a copy of this resolution be transmitted to all Colorado Senators and Representatives in Congress.

Passed by the council and signed by its president this 25th day of March, A. D. 1935.

WILLIAM KNIGHT, *President.*

STAUNTON, VA., *April 29, 1935.*

Senator EDWARD COSTIGAN,
United States Senate:

Regret deeply filibuster being carried on with regard to antilynching bill. As a southern woman, feel the need of Federal control of the terrible evil of lynching absolutely essential. Trust all forces are being rallied to bring bill up for vote. My congratulations on splendid work you have done so far. Two friends sign with me.

Mrs. W. S. PLUMER BRYAN.
Mrs. A. STUART BALDWIN.
Mrs. R. L. WALTON.

NEW YORK, N. Y., *April 29, 1935.*

Senator COSTIGAN:

We commend and encourage your advocacy of Costigan-Wagner bill.

STUDENTS LITERARY ASSOCIATION.

NEW YORK, N. Y., *April 26, 1935.*

WALTER WHITE,
Care of Hon. Edward P. Costigan,
Senate Office Building:

Since filibuster of September 21, 1922, to date, lynchings total 248—225 Negroes, 23 whites; 243 men, 5 women; 13 burned.

R. G. RANDOLPH.

PHILADELPHIA, PA., *April 26, 1935.*

EDWARD P. COSTIGAN,
United States Senate:

To encourage you to press for roll-call vote on antilynching bill. Most Senators must be with you.

EMMA R. SIDLE,
Philadelphia Society of Friends.

CHICAGO, ILL., *April 26, 1935.*

EDWARD P. COSTIGAN,
United States Senator:

Twenty-three thousand readers of the Chicago World urge you to resist filibuster and stand firm for passage of the antilynching bill at all costs.

CHICAGO WORLD,
JACOB R. TIPPER.

PHILADELPHIA, PA., *April 26, 1935.*

Senator EDWARD P. COSTIGAN:

Because we are deeply interested in the future of our American Commonwealth, in the salvation of our Nation from interracial slaughter, we urge that the Senate will pass the antilynching bill now in discussion.

J. H. JACKSON,
Executive Secretary Foreign Mission Board.

PHILADELPHIA, PA., *April 26, 1935.*

EDWARD P. COSTIGAN,
United States Senate:

Enlightened young people throughout country are backing you in splendid antilynching fight. We are praying for Senate vote today.

JOS. R. SILVERS,
Philadelphia Young Friends Movement.

PHILADELPHIA, PA., *April 26, 1935.*

EDWARD P. COSTIGAN,
United States Senate:

Young people of Philadelphia and churches we represent urge continued effort for vote on antilynching bill today. More power to you.

WILLIAM SMITH,
Young Peoples' Fellowship.

CHICAGO, ILL., *April 26, 1935.*

Hon. EDWARD P. COSTIGAN:

The Citizens Civic and Economic Welfare Council, composed of 100 leading colored men of both political parties, commend you for your work for the antilynching bill, and urge that you resist with all your might the filibuster of misguided Senators, even if it does take all summer.

HARRY H. PACE, *President.*

WASHINGTON, D. C., *April 26, 1935.*

Hon. EDWARD P. COSTIGAN,
United States Senate:

As president Cincinnati Branch National Association for Advancement Colored People, we join national office in commending your fight for antilynch bill. We trust all Senators will actively and orally join in opposition to filibuster and motion to adjourn today.

Respectfully,

T. M. BERRY.

MOBILE, ALA., *April 29, 1935.*

Senator EDWARD P. COSTIGAN,
United States Senate:

We are grateful for your effort to have legislation enacted making lynching a Federal crime. Hope you may be able to win battle to have measure favorably considered tomorrow. All citizens who believe in the majesty of law are praying for victory. May God give you strength to carry on.

J. L. LEFLORE,
Secretary Mobile Branch National Association for the Advancement of Colored People.

LOUISVILLE, KY., *April 26, 1935.*

Senator EDWARD P. COSTIGAN,
Senate Office Building:

Please resist any filibuster with all your strength and influence on the antilynching bill, and urge party leaders under no circumstances to surrender.

B. S. ETHERLY,
Secretary Louisville Branch, National Association for Advancement of Colored People.

MARION, IND., *April 26, 1935.*

Senator EDWARD P. COSTIGAN,
Senate Office Building:

In name of Indiana State conference of branches National Association for the Advancement of Colored People, we request and urge you resist filibuster, pledging support in every way, and especially urging that party leaders under no circumstances surrender; but fight for the passage of the Costigan-Wagner antilynching bill.

F. KATHERINE BAILEY,
President Indiana State Conference, National Association for the Advancement of Colored People.

PHILADELPHIA, PA., *April 26, 1935.*

Senator EDWARD P. COSTIGAN,
United States Senate:

Congratulations for your courage in valiant fight for antilynching bill. Am counting on you to do your utmost to bring bill to vote, as I understand majority of Senators will vote favorably.

DR. VIRGINIA M. ALEXANDER,
Philadelphia Society of Friends.

LOUISVILLE, KY., *April 26, 1935.*

Senator EDWARD P. COSTIGAN,
Senate Chamber, Washington, D. C.:

With you 100 percent in antilynching bill fight. Please use all your influence to demand an immediate vote.

PETER SALEM POST, NO. 45, AMERICAN LEGION.

PHILADELPHIA, PA., *April 26, 1935.*

Senator COSTIGAN,
United States Senate, Washington, D. C.:

Urge passage of antilynching bill.

LOGAN BAPTIST CHURCH,
REV. C. CRANFORD, *Minister.*

PHILADELPHIA, PA., *April 26, 1935.*

Senator EDWARD P. COSTIGAN:

Three thousand members Pennsylvania Branch Women's International League urge every effort to push antilynching bill.

EMILY COOPER JOHNSON,
Chairman.

CHICAGO, ILL., *April 27, 1935.*

Senator EDWARD P. COSTIGAN,
United States Senate:

We urge you to resist to any limits pressure brought by filibuster designed to delay vote on antilynching bill. The Nation expects a leadership in this cause to fight to end without any compromise. We express the sentiment and opinion of 123 allied organizations representing more than 400,000 people.

SOUTH CENTRAL COMMUNITY COUNCIL.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had agreed to the report of the committee on conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 408) to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes.

PREVENTION OF LYNCHING

The Senate resumed the consideration of the motion of Mr. COSTIGAN that the Senate proceed to the consideration of the bill (S. 24) to assure to persons within the jurisdiction of every State the equal protection of the laws by discouraging, preventing, and punishing the crime of lynching.

Mr. ROBINSON. Mr. President, it is apparent that a deadlock exists, and that it will continue indefinitely unless some arrangement shall be made to take up some other business.

With a view to a motion to proceed to the consideration of the adjusted-compensation bill, I now move that the Senate adjourn.

Mr. COSTIGAN. I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bankhead	Black	Bulow
Ashurst	Barbour	Bone	Burke
Austin	Barkley	Brown	Byrd
Bailey	Bilbo	Bulkley	Byrnes
Capper	Gore	McNary	Schwellenbach
Carey	Guffey	Minton	Sheppard
Clark	Hale	Moore	Shipstead
Connally	Harrison	Murray	Smith
Copeland	Hastings	Neely	Steiwer
Costigan	Hatch	Norris	Thomas, Utah
Couzens	Hayden	Nye	Townsend
Dickinson	Johnson	O'Mahoney	Trammell
Dieterich	Keyes	Overton	Truman
Donahey	King	Pittman	Tydings
Fletcher	La Follette	Pope	Vandenberg
Frazier	Lonergan	Radcliffe	Van Nuys
George	McCarran	Robinson	Wagner
Gibson	McGill	Russell	Walsh
Glass	McKellar	Schall	White

The VICE PRESIDENT. Seventy-six Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] that the Senate adjourn.

Mr. COSTIGAN. I call for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. GLASS (when his name was called). I transfer my general pair with the senior Senator from New Mexico [Mr. CUTTING] to the senior Senator from Oklahoma [Mr. THOMAS], and vote "yea."

Mr. BARKLEY (when Mr. LOGAN's name was called). My colleague [Mr. LOGAN] is unavoidably absent. He has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

Mr. TYDINGS (when his name was called). On this vote I have a pair with the junior Senator from Arkansas [Mrs. CARAWAY]. I understand that if the Senator from Arkansas were present she would vote "yea." If I were permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. AUSTIN. I desire to announce the necessary absence of the Senator from Rhode Island [Mr. METCALF] and the Senator from North Carolina [Mr. REYNOLDS], who are paired on this question. If the Senator from Rhode Island [Mr. METCALF] were present, he would vote "nay", and the Senator from North Carolina [Mr. REYNOLDS], if present, would vote "yea."

I also announce the necessary absence of the Senator from South Dakota [Mr. NORBECK] and the Senator from Wisconsin [Mr. DUFFY], who are paired on this vote. The Senator from South Dakota, if present, would vote "nay", and the Senator from Wisconsin, if present, would vote "yea."

The Senator from Pennsylvania [Mr. DAVIS] would vote "nay" if he were present and voting.

Mr. ROBINSON. I desire to announce that the Senator from Connecticut [Mr. MALONEY] is absent on account of illness.

I also wish to announce that the Senator from Tennessee [Mr. BACHMAN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Rhode Island [Mr. GERRY], the Senator from Kentucky [Mr. LOGAN], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. MCADOO], the Senator from Iowa [Mr. MURPHY], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate.

Mr. DIETERICH. I wish to announce the unavoidable absence of my colleague the senior Senator from Illinois [Mr. LEWIS].

The result was announced—yeas 37, nays 38, as follows:

YEAS—37

Adams	Byrnes	King	Robinson
Ashurst	Connally	Lonergan	Russell
Bailey	Dieterich	McGill	Sheppard
Bankhead	Fletcher	McKellar	Shipstead
Barkley	George	Norris	Smith
Bilbo	Glass	O'Mahoney	Thomas, Utah
Black	Gore	Overton	Trammell
Brown	Harrison	Pittman	
Bulow	Hatch	Pope	
Byrd	Hayden	Radcliffe	

NAYS—38

Austin	Capper	Couzens	Guffey
Barbour	Carey	Dickinson	Hale
Bone	Clark	Donahey	Hastings
Bulkley	Copeland	Frazier	Johnson
Burke	Costigan	Gibson	Keyes

La Follette	Murray	Steiwer	Van Nuys
McCarran	Neely	Townsend	Wagner
McNary	Nye	Truman	Walsh
Minton	Schall	Vandenberg	White
Moore	Schwellenbach		

NOT VOTING—20

Bachman	Davis	Long	Norbeck
Borah	Duffy	Maloney	Reynolds
Caraway	Gerry	McAdoo	Thomas, Okla.
Coolidge	Lewis	Metcalf	Tydings
Cutting	Logan	Murphy	Wheeler

So the Senate refused to adjourn.

ORDER FOR RECESS

Mr. ROBINSON. Mr. President, I ask unanimous consent that when the Senate concludes its labors today it take a recess until 12 o'clock noon tomorrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting a convention and a treaty, and also several nominations (and withdrawing a nomination), which were referred to the appropriate committees.

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of John D. Martin, Sr., of Tennessee, to be United States district judge, western district of Tennessee, to succeed Harry B. Anderson, deceased, which was ordered to be placed on the Executive Calendar.

The VICE PRESIDENT. If there are no further reports of committees, the calendar is in order.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. With the exception of the nomination of John R. Hutchison to be postmaster at Santa Maria, Calif., I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations, with the exception referred to, are confirmed en bloc.

JOHN R. HUTCHISON

The legislative clerk read the nomination of John R. Hutchison to be postmaster at Santa Maria, Calif.

The VICE PRESIDENT. On this nomination there is an unfavorable report of the committee. The question is, Shall the Senate advise and consent to the nomination?

The nomination was rejected.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations for promotions in the Navy.

Mr. ROBINSON. I ask unanimous consent that the nominations in the Navy be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations for promotions in the Marine Corps.

Mr. ROBINSON. I ask unanimous consent that the nominations in the Marine Corps be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask unanimous consent that the nominations in the Army be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

NOMINATION OF EARLE A. BROWN—RECONSIDERATION

Mr. WALSH. Mr. President, on Saturday I gave notice that I would move to reconsider the vote by which the nomination of Earle A. Brown to be postmaster at Lunenburg, Mass., was confirmed. I should like to make a brief statement with regard to the matter.

Through an error, the son of the present postmaster at Lunenburg was nominated when it was intended that the present postmaster should be nominated, there being no controversy about the matter.

I therefore move that the vote by which the nomination of Earle A. Brown to be postmaster at Lunenburg, Mass., was confirmed be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. WALSH. I now ask that the nomination be rejected.

The VICE PRESIDENT. The question is, Shall the Senate advise and consent to the nomination?

The nomination was rejected.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until tomorrow at 12 o'clock noon, in accordance with the order heretofore entered.

The motion was agreed to; and (at 5 o'clock and 50 minutes p. m.) the Senate, in legislative session, in accordance with the order previously entered, took a recess until tomorrow, Tuesday, April 30, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 29 (legislative day of Apr. 15), 1935

DISTRICT ATTORNEY, CANAL ZONE

Joseph J. McGuigan, of the Canal Zone, to be district attorney, Canal Zone, vice himself.

APPOINTMENTS IN THE REGULAR ARMY

GENERAL OFFICERS

To be Surgeon General, with the rank of major general, for a period of 4 years from date of acceptance, with rank from June 1, 1935

Col. Charles Ransom Reynolds, Medical Corps, vice Maj. Gen. Robert U. Patterson, Surgeon General, whose term of office expires May 31, 1935.

To be Assistant to the Surgeon General, with the rank of brigadier general, for a period of 4 years from date of acceptance, with rank from August 1, 1935

Col. Major Augustus Wroten Shockley, Medical Corps, vice Brig. Gen. Albert E. Truby, Assistant to the Surgeon General, to be retired July 31, 1935.

To be brigadier generals

Col. Arthur Stewart Conklin, Coast Artillery Corps, from July 1, 1935, vice Brig. Gen. Abraham G. Lott, United States Army, to be retired June 30, 1935.

Col. Charles Frederic Humphrey, Jr., Infantry, from September 1, 1935, vice Brig. Gen. Pegram Whitworth, United States Army, to be retired August 31, 1935.

Col. Frank Wheaton Rowell, Infantry, from September 1, 1935, vice Brig. Gen. George Vidmer, United States Army, to be retired August 31, 1935.

Col. Clement Augustus Trott, Infantry, from September 1, 1935, vice Brig. Gen. Otho B. Rosenbaum, United States Army, to be retired August 31, 1935.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. Clarence Eugene Brand, Coast Artillery Corps (detailed in Judge Advocate General's Department), with rank from March 11, 1926.

TO QUARTERMASTER CORPS

First Lt. Harold Mills Manderbach, Field Artillery (detailed in Quartermaster Corps), with rank from May 19, 1930.

TO COAST ARTILLERY CORPS

Second Lt. William John Ledward, Field Artillery, with rank from June 13, 1933, effective June 13, 1935.

PROMOTIONS IN THE REGULAR ARMY

To be captains

First Lt. Joseph Magoffin Glasgow, Cavalry, from April 20, 1935.

First Lt. James Lawrence Keasler, Infantry, from April 22, 1935.

To be first lieutenants

Second Lt. Robert Bruce Davenport, Air Corps, from April 20, 1935.

Second Lt. Donald Leander Putt, Air Corps, from April 22, 1935.

MEDICAL ADMINISTRATIVE CORPS

To be captain

First Lt. Seth Overbaugh Craft, Medical Administrative Corps, from April 20, 1935.

To be first lieutenants

Second Lt. Leonard George Tate Perkins, Medical Administrative Corps, from April 23, 1935.

Second Lt. Harold Lincoln Gard, Medical Administrative Corps, from April 23, 1935.

Second Lt. Joe Edward McKnight, Medical Administrative Corps, from April 23, 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 29 (legislative day of Apr. 15), 1935

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Capt. Elmer Dane Pangburn to Quartermaster Corps.

Second Lt. Charles Gates Herman to Quartermaster Corps.

APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES

GENERAL OFFICER

Carl Eugene Nesbitt to be brigadier general, Adjutant General's Department.

PROMOTIONS IN THE NAVY

Charles St. John Butler to be medical director with the rank of rear admiral.

Edmund W. Burrough to be commander.

Hermann P. Knickerbocker to be lieutenant commander.

Myron T. Richardson to be lieutenant commander.

William E. A. Mullan to be lieutenant commander.

Allen P. Mullinnix to be lieutenant commander.

Benton W. Decker to be lieutenant commander.

Robert D. Threshie to be lieutenant commander.

John Perry to be lieutenant commander.

Thomas S. Combs to be lieutenant commander.

Ira H. Nunn to be lieutenant.

Richard S. Baron to be lieutenant.

Hugh J. Martin to be lieutenant.

James M. Robinson to be lieutenant.

Wilfred B. Goulett to be lieutenant.

Harman B. Bell, Jr., to be lieutenant.

Thomas G. Reamy to be lieutenant.

Sherman W. Betts to be lieutenant (junior grade).

Ray C. Needham to be lieutenant (junior grade).

Eugene Tatom to be lieutenant (junior grade).

Leo O. Crane to be lieutenant (junior grade).

Sidney J. Lawrence to be lieutenant (junior grade).

Edwin A. McDonald to be lieutenant (junior grade).

James B. Vredenburgh to be lieutenant (junior grade).

Michael G. O'Connor to be lieutenant (junior grade).

Edwin H. Bradley to be paymaster.

William T. Ross to be paymaster.

Letcher Pittman to be paymaster.

Harold T. Smith to be paymaster.

John N. Laycock to be civil engineer.

Glen B. Swortwood to be chief boatswain.

MARINE CORPS

John R. Henley to be colonel.

Samuel A. Woods, Jr., to be lieutenant colonel.

Dudley S. Brown to be major.

Ira L. Kimes to be captain.

Luther A. Brown to be captain.

George F. Good, Jr., to be captain.

Harold C. Roberts to be captain.

POSTMASTERS

ALABAMA

Frank A. Bryan, Columbia.

Herman L. Upshaw, Eufaula.

CONNECTICUT

Charles A. Babin, Waterbury.

GEORGIA

Fletcher N. Carlisle, Flowery Branch.

IDAHO

Harry L. Yost, Boise.

Frank H. Chapman, Parma.

Herman A. Krier, Troy.

INDIANA

Clarence E. Steward, Bainbridge.

Ray Dills, Farmersburg.

Firm I. Troup, Nappanee.

Richard G. Averitt, Plainfield.

Heber L. Menaugh, Salem.

IOWA

Augustus W. Lee, Britt.

Samuel H. Sater, Danville.

Walter R. Price, Earlham.

Nora E. Knapp, Quimby.

Hazel O. Graves, Stanton.

Mary C. Ilgen Fritz, Winterset.

MISSISSIPPI

Jesse E. Patridge, Duck Hill.

Abner W. Flurry, Perkinston.

John L. Owen, Utica.

OHIO

Charles J. Neff, Canfield.

Leo A. Bietz, Kent.

William R. Calovini, Laferty.

William J. Moriarity, Lorain.

George A. Greenbaum, New Lexington.

George J. Munger, Perrysburg.

Bernard F. McCann, Put in Bay.

S. Bruce Lockwood, South Euclid.

Merle G. Van Fleet, Waterville.

PENNSYLVANIA

Elwood M. Stover, Kulpsville.

Franklin M. Rorke, Meadowbrook.

Lincoln G. Nyce, Vernfield.

SOUTH CAROLINA

S. Russell Floyd, Olanta.

TEXAS

Edmund T. Caldwell, Bovina.

Oscar G. Williams, Conroe.

William C. Allen, Hearne.

Clara C. White, Megargel.

Grace M. Barnett, Palacios.

Melrose H. Russell, Robert Lee.

WASHINGTON

Lloyd Sullivan, Chehalis.

Charles E. Kinnune, Grand Coulee.

Hazel M. Surber, Pe Ell.

John O. Fresk, Raymond.

Will W. Simpson, Spokane.

WISCONSIN

Rudolph J. Lueders, Columbus.

Hazel I. Hicks, Linden.

WITHDRAWAL

Executive nomination withdrawn from the Senate April 29 (legislative day of Apr. 15), 1935

POSTMASTER

MINNESOTA

Gabriel T. Torgrimson to be postmaster at Grand Meadow, in the State of Minnesota.

REJECTIONS

Executive nominations rejected by the Senate April 29 (legislative day of Apr. 15), 1935

POSTMASTERS

CALIFORNIA

John R. Hutchison, Santa Maria.

MASSACHUSETTS

Earle A. Brown, Lunenburg.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 29, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Infinite God, the Father of our spirits, Thou knowest the foibles and tendencies of our human nature, and we pray for Thy forgiveness that we may spend no time in vain regrets, but with renewed determination we may press toward the mark for the prize of our high calling of God. Immanuel, God with us! May the divine power from the vast cloudy sphere be given us and transmuted into the condition in which we live. Our hearts rejoice that we have One who bears our burdens, who guides our ways and hears our prayers. Shield us against temptation and let us have the real joy and the full fruitage of a good, wholesome life. Bind together the very heart of our great Commonwealth and stimulate our people to patriotism, constancy, high aim, and valiant endeavor. In Thy holy name. Amen.

The Journal of the proceedings of Friday, April 26, 1935, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On April 19, 1935:

H. R. 3959. An act for the relief of the National Training School for Boys and others; and

H. R. 6359. An act to amend certain provisions relating to publicity of certain statements of income.

On April 22, 1935:

H. R. 2353. An act for the relief of the Yellow Drivurself Co.

On April 24, 1935:

H. R. 2439. An act authorizing adjustment of the claim of the Public Service Coordinated Transport, of Newark, N. J.

On April 27, 1935:

H. R. 7054. An act to provide for the protection of land resources against soil erosion, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2035) entitled "An act to amend an act approved June 25, 1934, authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes."

EXTENSION OF REMARKS

Mr. GREEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing memorials from the State Legislature of the State of Florida.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

OPENING OCKLAWAHA RIVER FOR COMMERCE

Mr. GREEN. Mr. Speaker, the Ocklawaha River in Florida is one of the most picturesque streams in the world. The scenery there and its beauty are unexcelled. It traverses one of the most fertile grove and farm sections of Florida. Its water supply is adequate to bear heavy shipping craft. This stream is altogether worthy of expenditure of Federal funds for its improvement for commerce and navigation. We have placed an item in the river and harbor bill looking to this improvement. The Florida Legislature, appreciating the importance of this proposed improvement, has memorialized the Congress urging the project. Florida State Senate Memorial No. 8 follows:

Memorial to the Congress of the United States of America

A memorial to the Congress of the United States of America now convened in session as the Seventy-fourth Congress of the United States of America.

Whereas the navigable water known and designated by the United States Government as the "Ocklawaha River", with its outlet in the navigable water of the St. Johns River, is in fact navigable only to small craft; and

Whereas the Federal Government has expended large sums of money on said Ocklawaha River in the construction of a lock and dam and dikes, which are utterly useless without other and further work and development of said river for the purpose of making it navigable; and

Whereas the beauties of the Ocklawaha River and the inland waters of Florida connected with said Ocklawaha River are unexcelled in any part of the United States; and

Whereas said Ocklawaha River and its tributaries lie within the most productive and highly developed agricultural sections of the State of Florida; and

Whereas the expenditure of a comparatively small amount of money would make this wonderful land of lakes, rivers, tropical growth, sunshine, and wealth accessible to pleasure and commercial water craft: Be it, therefore:

Resolved by the Florida Legislature, That the Senators and Representatives from the State of Florida in the Congress of the United States be, and they are hereby, respectfully requested and urged to make every effort to obtain the necessary appropriation of moneys to be used for the purpose of making the said Ocklawaha River navigable from its outlet in the St. Johns River to its source in Lake Apopka; and be it further

Resolved, That copies of this memorial be immediately forwarded, under the great seal of the State of Florida, by the secretary of the State of Florida, to the President of the United States Senate, to the Speaker of the House of Representatives, and to each Senator and Congressman of the State of Florida.

THE FRAZIER-LEMKE REFINANCE BILL

Mr. GREEN. Mr. Speaker, there is strong sentiment in my State for legislation which has for its purpose the reduction of interest now paid on farm mortgages, and also for general farm-relief legislation. The Florida Legislature, which is now in session, has just passed House Memorial No. 4, which asks for the passage of the Frazier-Lemke bill. The memorial is as follows:

Memorial to Congress requesting that the Congress of the United States without further delay pass the Frazier-Lemke farm refinance bill, S. 212 and H. R. 2066

Whereas unless immediate relief is given hundreds and thousands of additional farmers will lose their farms and their homes, and millions more will be forced into our cities and villages, and the army of the unemployed will necessarily increase to alarming proportions; and

Whereas there is no adequate way of refinancing existing agricultural indebtedness, and the farmers are at the mercy of their mortgagees and creditors throughout this State and Nation; and

Whereas the Frazier-Lemke refinance bill, being S. 212 and H. R. 2066, in the Congress of the United States, provides for the liquidating and refinancing of agricultural indebtedness at a reduced rate of interest, through the Farm Credit Administration and the Federal land banks; and

Whereas the Frazier-Lemke bill has the endorsement of 22 State legislatures, and in addition the lower houses of the States of New York and Delaware, and of many commercial clubs, chambers of commerce, bank organizations, and of business and professional men and women, as well as the great majority of the farmers of this Nation; and

Whereas the enactment of this bill will have a vital effect not only upon agriculture but upon all classes of industry; and

Whereas agriculture is the basic industry of this country, and there can be no recovery until agriculture is put upon a sound basis: Now, therefore, be it

Resolved, That it is the sense of your memorialists, the members of the Florida Legislative Assembly of the State of Florida, the senate and the house concurring, that the Congress of the United States should enact the Frazier-Lemke bill without further delay; be it further

Resolved, That a copy of this Memorial, duly authenticated, be sent by the Secretary of State to the President of the Senate and the Speaker of the House of Representatives of the United States, and to each Senator and Representative in Congress from this State, to the President of the United States, and to United States Senator LYNN J. FRAZIER and Congressman WILLIAM LEMKE.

THE THOMAS COST-OF-PRODUCTION FARM BILL

Mr. GREEN. Mr. Speaker, in a further effort to cooperate for farm relief, the Florida Legislature, now in session, has passed House Memorial No. 5, urging the passage by the Congress of the Thomas cost-of-production farm bill. I offer it to the House and ask the consideration of my colleagues. The memorial follows:

Memorial to Congress requesting that the Congress of the United States, without further delay, pass the Thomas cost-of-production bill, S. 1220

Whereas unless immediate cost of production is guaranteed, hundreds and thousands of additional farmers will be financially unable to produce crops, and millions more will be forced into our cities and villages, and the army of the unemployed will necessarily increase to alarming proportions; and

Whereas there is no adequate way of guaranteeing cost of production, the farmers are at the mercy of the markets throughout this State and Nation; and

Whereas many farm producers are selling below the cost of production with no immediate relief in sight; and

Whereas the Thomas cost-of-production bill has the endorsement of several State legislatures, commercial clubs, chambers of commerce, business organizations, and business and professional men and women, as well as the great majority of the farmers of this Nation; and

Whereas the enactment of this bill will have a vital effect upon not only agriculture but upon all classes of industry; and

Whereas agriculture is the basic industry in this country, and there can be no recovery until agriculture is put on a sound basis: Now, therefore, be it

Resolved, That it is the sense of your memorialists, the members of the 1935 Legislative Assembly of the State of Florida. the Senate and the House concurring, that the Congress of the United States should enact the Thomas bill without further delay; be it further

Resolved, That a copy of this memorial, duly authenticated, be sent by the secretary of state to the President of the Senate and the Speaker of the House of Representatives of the United States, and to each Senator and Representative in Congress from this State, to the President of the United States, and to United States Senator THOMAS of Oklahoma.

RECIPROCAL TARIFF TRADE AGREEMENT

Mr. COOPER of Tennessee. Mr. Speaker, I present a privileged resolution (H. Res. 84) from the Committee on Ways and Means.

The Clerk read as follows:

House Resolution 84

Resolved, That the Secretary of State is hereby directed to furnish the House of Representatives a list of the articles, both foreign and domestic, the names of which are on file in the Department of State for changes in rates of tariff in reciprocal trade agreements now under negotiation between the United States and any foreign country under the provisions of chapter 474 of the Forty-eighth Statutes at Large, page 943.

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent that the report be read.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the report (No. 804), as follows:

[House of Representatives, Rept. No. 804, 74th Cong., 1st sess.]

REQUESTING INFORMATION WITH RESPECT TO NEGOTIATION OF RECIPROCAL-TRADE AGREEMENTS

Mr. COOPER of Tennessee, from the Committee on Ways and Means, submitted the following adverse report (to accompany H. Res. 84):

The Committee on Ways and Means, to whom was referred the resolution (H. Res. 84) to direct the Secretary of State to furnish the House of Representatives a list of the articles, both foreign and domestic, on file in the Department of State for changes in rates of tariff in reciprocal trade agreements now under negotiation, having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

The action of the committee is based upon the following adverse report from the Secretary of State:

FEBRUARY 5, 1935.

The Honorable ROBERT L. DOUGHTON,
House of Representatives.

MY DEAR MR. DOUGHTON: I have your letter of February 2, 1935, enclosing a copy of House Resolution 84, which was introduced by Representative TREADWAY and is now under consideration by the Committee on Ways and Means. I am glad to give you my views concerning this proposed legislation.

The requirement which the resolution would seek to impose is open to objections that can best be explained by indicating the considerations which led to the adoption of the procedure now being followed.

The Government agencies concerned in the carrying out of the purposes of the act to amend the Tariff Act of 1930, approved June 12, 1934, have given careful consideration to the problem of working out rules of procedure which would facilitate the accomplishment of the purposes of that act. One of the matters to which thoughtful consideration was given was the question of the form and manner of giving public notice of intention to negotiate a trade agreement. On the basis of all pertinent factors, it was decided that only the name of the country concerned should be given in such notices. It was decided also, however, that statistics showing the principal items entering into the trade between the United States and the country concerned, prepared by the Division of Foreign Trade Statistics of the Bureau of Foreign and Domestic Commerce, should be issued along with such public notices.

The announcement of the products or subjects to be considered would involve serious difficulties. Compliance with the spirit and purpose of section 4 of the Trade Agreements Act requires that public notice of intention to negotiate a trade agreement be given before negotiations with the foreign government concerned have been even tentatively completed, in order that full consideration may be given to the views of, and to information supplied by, interested persons while the recommendations of the agencies responsible for advising the President with respect to proposed trade agreements are being formulated. Consequently, at the time public notice is given of intention to negotiate an agreement, these agencies themselves may not know all of the products or subjects to which consideration will be given. The foreign government concerned might later, even during the final stages of the negotiations, propose new products or subjects for consideration. Moreover, it is desired to leave the way open after public notice has been given for American importers, exporters, or other interested persons to make suggestions and call attention to products or subjects which they wish to have considered.

The result of announcing the products or subjects to be considered would be that as new products or subjects were brought under consideration in the course of the negotiations additional public notices, of not less than 30 days each, would have to be given; a procedure which would so complicate and delay negotiations as to interfere seriously with the carrying out of the purposes of the act. Moreover, if the products on which concessions might be granted were announced in advance of negotiations, the bargaining value of our concessions might be seriously impaired.

The present procedure of announcing only the name of the country with which it is intended to negotiate a trade agreement should not leave any serious doubt in the minds of interested persons whether their interests are in fact involved. It has seemed reasonable to assume that American producers, importers, exporters, and other interested persons would know whether the country with which a trade agreement is to be negotiated is of any consequence as a source of supply of, or as market for, the product or products in which they are interested, and that they would know also the factors affecting the trade in such products. As a convenience to those interested in proposed trade agreements, available statistical information concerning products entering into the trade between the United States and each country concerned is made readily accessible.

In my opinion, and in that of my associates, the resolution (H. Res. 84) under consideration by your committee would, if acted upon favorably, seriously hinder the carrying out of the purposes of the act to amend the Tariff Act of 1930, for the reasons set forth above.

If so desired, the Department would be glad to furnish to those Members of Congress who made request therefor copies of all public notices and appended statistical information with reference to trade agreement negotiations.

Sincerely yours,

CORDELL HULL.

Mr. COOPER of Tennessee. Mr. Speaker, I move that the resolution be laid on the table.

Mr. TREADWAY. Will the gentleman yield before he makes that motion?

The SPEAKER. The gentleman from Tennessee moves that the resolution be laid on the table.

The question was taken; and on a division (demanded by Mr. TREADWAY) there were—ayes 73, noes 33.

Mr. TREADWAY. Mr. Speaker, I object to the vote on the ground that there is not a quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is not a quorum present. The Doorkeeper will close the doors. The Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 252, nays 91, not voting 88, as follows:

[Roll No. 60]

YEAS—252

Arnold	Dunn, Miss.	Lamneck	Reilly
Ashbrook	Dunn, Pa.	Lanham	Richards
Ayers	Eagle	Larrabee	Richardson
Beiter	Eckert	Lesinski	Robertson
Bell	Edmiston	Lewis, Colo.	Robinson, Utah
Biermann	Eicher	Lewis, Md.	Rogers, Okla.
Bland	Evans	Lloyd	Romjue
Blanton	Faddis	Luckey	Rudd
Bloom	Farley	Ludlow	Russell
Boehne	Ferguson	McAndrews	Sanders, La.
Boland	Fiesinger	McClellan	Sanders, Tex.
Boylan	Fitzpatrick	McCormack	Sandlin
Brennan	Flannagan	McFarlane	Schaefer
Brooks	Fletcher	McGehee	Schulte
Brown, Ga.	Ford, Calif.	McGrath	Scott
Brown, Mich.	Ford, Miss.	McKeough	Sears
Brunner	Fuller	McLaughlin	Secrest
Buchanan	Fulmer	McMillan	Shanley
Buck	Gasque	Mahon	Sirovich
Bulwinkle	Gassaway	Maloney	Sisson
Burch	Gavagan	Mansfield	Smith, Conn.
Caldwell	Gildea	Martin, Colo.	Smith, Va.
Cannon, Mo.	Gillette	Mason	Smith, Wash.
Carmichael	Gingery	Massingale	Smith, W. Va.
Carpenter	Goldsborough	Maverick	Snyder
Cary	Gray, Ind.	May	South
Casey	Gray, Pa.	Meeks	Spence
Castellow	Green	Merritt, N. Y.	Stack
Chandler	Greenwood	Miller	Steagall
Chapman	Greever	Mitchell, Ill.	Stubbs
Citron	Gregory	Mitchell, Tenn.	Sullivan
Claiborne	Hamlin	Montet	Sumners, Tex.
Cochran	Hancock, N. C.	Moritz	Sutphin
Coffee	Hart	Murdock	Sweeney
Colden	Harter	Nelson	Tarver
Cole, Md.	Healey	Nichols	Taylor, Colo.
Colmer	Higgins, Mass.	O'Brien	Taylor, S. C.
Connery	Hildebrandt	O'Connell	Terry
Cooper, Tenn.	Hill, Ala.	O'Connor	Thom
Corning	Hill, Samuel B.	O'Day	Thomason
Costello	Hobbs	O'Leary	Thompson
Cox	Hoeppel	Oliver	Tonry
Crosby	Hook	O'Neal	Truax
Cross, Tex.	Houston	Owen	Turner
Crowe	Huddleston	Palmisano	Umstead
Cullen	Igoe	Parks	Vinson, Ga.
Darden	Jacobsen	Parsons	Vinson, Ky.
Deen	Jenckes, Ind.	Patman	Wallgren
Delaney	Johnson, Okla.	Patterson	Walter
Dietrich	Johnson, Tex.	Patton	Warren
Dingell	Johnson, W. Va.	Pearson	Wearin
Disney	Jones	Peterson, Fla.	Weaver
Dobbins	Kee	Peterson, Ga.	Werner
Dockweiler	Keller	Pfeifer	West
Dorsey	Kelly	Pierce	Whelchel
Doughton	Kenney	Polk	Whittington
Doxey	Kerr	Quinn	Wilcox
Drewry	Kleberg	Rabaut	Williams
Driscoll	Kloeb	Ramsay	Wilson, La.
Driver	Kocialkowski	Ramspeck	Woodrum
Duffey, Ohio	Kopplemann	Randolph	Young
Duffy, N. Y.	Kramer	Rankin	Zimmerman
Duncan	Lambeth	Rayburn	Zioncheck

NAYS—91

Allen	Crawford	Hull	Ransley
Amlie	Crowther	Jenkins, Ohio	Reece
Andresen	Darrow	Kahn	Reed, Ill.
Andrew, Mass.	Dirksen	Kimball	Reed, N. Y.
Andrews, N. Y.	Ditter	Kinzer	Rich
Arends	Dondero	Knutson	Robsion, Ky.
Bacharach	Doutrich	Lambertson	Rogers, Mass.
Bacon	Eaton	Lehlbach	Sauthoff
Binderup	Ekwall	Lemke	Snell
Blackney	Engel	Lord	Stefan
Boileau	Fenerty	Lundeen	Stewart
Bolton	Gehrmann	McLean	Taber
Buckbee	Gifford	McLeod	Taylor, Tenn.
Buckler, Minn.	Gilchrist	Maas	Thurston
Burdick	Goodwin	Mapes	Treadway
Burnham	Gwynne	Marshall	Turpin
Carlson	Halleck	Merritt, Conn.	Welch
Cavicchia	Hess	Michener	Wigglesworth
Christianson	Hill, Knute	Monaghan	Wilson, Pa.
Church	Hoffman	Mott	Wolcott
Cole, N. Y.	Hollister	Pittenger	Wolfenden
Collins	Holmes	Plumley	Wolverton
Cooper, Ohio	Hope	Powers	

NOT VOTING—88

Adair	Berlin	Carden	Clark, Idaho
Bankhead	Brewster	Carter	Clark, N. C.
Barden	Buckley, N. Y.	Cartwright	Cooley
Beam	Cannon, Wis.	Celler	Cravens
Crosser, Ohio	Greenway	McReynolds	Schuetz
Culkin	Griswold	McSwain	Scrugham
Cummings	Guyer	Marcantonio	Seger
Daly	Haines	Martin, Mass.	Shannon
Dear	Hancock, N. Y.	Mead	Short
Dempsey	Harlan	Millard	Somers, N. Y.
DeRouen	Hartley	Montague	Starnes
Dickstein	Hennings	Moran	Thomas
Dies	Higgins, Conn.	Norton	Tinkham
Ellenbogen	Imhoff	O'Malley	Tobey
Englebright	Kennedy, Md.	Perkins	Tolan
Fernandez	Kennedy, N. Y.	Pettengill	Underwood
Fish	Kniffin	Peyser	Utterback
Focht	Kvale	Rogers, N. H.	Wadsworth
Frey	Lea, Calif.	Ryan	White
Gambrill	Lee, Okla.	Sabath	Withrow
Gearhart	Lucas	Sadowski	Wood
Granfield	McGroarty	Schneider	Woodruff

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Bankhead (for) with Mr. Withrow (against).
Mr. Imhoff (for) with Mr. Focht (against).
Mr. McReynolds (for) with Mr. Higgins of Connecticut (against).
Mr. Hennings (for) with Mr. Thomas (against).
Mr. Dies (for) with Mr. Martin of Massachusetts (against).
Mr. Griswold (for) with Mr. Wadsworth (against).
Mr. Dickstein (for) with Mr. Hartley (against).
Mr. Cartwright (for) with Mr. Seger (against).
Mr. Somers of New York (for) with Mr. Tinkham (against).
Mr. Ellenbogen (for) with Mr. Fish (against).
Mr. Kennedy of New York (for) with Mr. Carter (against).
Mr. DeRouen (for) with Mr. Guyer (against).
Mrs. Norton (for) with Mr. Hancock of New York (against).
Mr. Buckley (for) with Mr. Perkins (against).
Mr. Sabath (for) with Mr. Millard (against).
Mr. Schuetz (for) with Mr. Tobey (against).
Mr. McSwain (for) with Mr. Short (against).
Mr. Mead (for) with Mr. Woodruff (against).
Mr. Beam (for) with Mr. Gearhart (against).
Mr. Celler (for) with Mr. Brewster (against).
Mr. Harlan (for) with Mr. Culkin (against).

General pairs:

Mr. Granfield with Mr. Kvale.
Mr. Rogers of New Hampshire with Mr. Marcantonio.
Mr. Montague with Mr. Englebright.
Mr. Pettengill with Mr. Schneider.
Mr. Fernandez with Mr. Starnes.
Mrs. Greenway with Mr. Lucas.
Mr. Adair with Mr. Kniffin.
Mr. Haines with Mr. Tolan.
Mr. Crosser of Ohio with Mr. Dear.
Mr. Gambrill with Mr. Ryan.
Mr. Scrugham with Mr. Frey.
Mr. Sadowski with Mr. Dempsey.
Mr. O'Malley with Mr. White.
Mr. Lea of California with Mr. Cannon of Wisconsin.
Mr. Barden with Mr. Wood.
Mr. Kennedy of Maryland with Mr. Cravens.
Mr. Clark of North Carolina with Mr. Lee of Oklahoma.
Mr. Underwood with Mr. Carden.
Mr. McGroarty with Mr. Berlin.
Mr. Cummings with Mr. Utterback.
Mr. Moran with Mr. Clark of Idaho.
Mr. Daly with Mr. Cooley.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

The doors were opened.

Mr. COOPER of Tennessee. Mr. Speaker, I present a further privileged resolution (H. Res. 83) from the Committee on Ways and Means.

The Clerk read as follows:

House Resolution 83

Resolved, That the Secretary of Commerce is hereby directed to furnish the House of Representatives a list of the articles, both foreign and domestic, the names of which are on file in the Department of Commerce, for changes in rates of tariff in reciprocal trade agreements now under negotiation between the United States and any foreign country under the provisions of chapter 474 of the Forty-eighth Statutes at Large, page 943.

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent that the report be read.

The SPEAKER. Without objection, the Clerk will read the report.

There was no objection.

The Clerk read as follows:

Report No. 805

The Committee on Ways and Means, to whom was referred the resolution (H. Res. 83) to direct the Secretary of Commerce to furnish the House of Representatives a list of the articles, both foreign and domestic, on file in the Department of Commerce for changes in

rates of tariff in reciprocal trade agreements now under negotiation, having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

Mr. COOPER of Tennessee. Mr. Speaker, I move that the resolution be laid on the table.

Mr. RICH. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman rise?

Mr. RICH. I would like to know whether it is going to be possible for us to know what changes are going to be made in the tariff——

Mr. COOPER of Tennessee. Mr. Speaker, a point of order. The gentleman is out of order.

The SPEAKER. A motion to lie on the table is not debatable.

The question is on the motion of the gentleman from Tennessee [Mr. COOPER].

The question was taken; and on a division (demanded by Mr. MOTT) there were ayes 169 and noes 56.

So the motion was agreed to.

On motion by Mr. COOPER of Tennessee a motion to reconsider the vote by which the motion was agreed to was laid on the table.

Mr. COOPER of Tennessee. Mr. Speaker, I present a further privileged resolution (H. Res. 82) from the Committee on Ways and Means.

The Clerk read as follows:

House Resolution 82

Resolved, That the Secretary of Agriculture is hereby directed to furnish the House of Representatives a list of the articles, both foreign and domestic, the names of which are on file in the Department of Agriculture, for changes in rates of tariff in reciprocal trade agreements now under negotiation between the United States and any foreign country under the provisions of chapter 474 of the Forty-eighth Statutes at Large, page 943.

Mr. COOPER of Tennesse. Mr. Speaker, I ask unanimous consent that the report be read.

The SPEAKER. Without objection, the Clerk will read the report.

There was no objection.

The Clerk read as follows:

Report No. 806

The Committee on Ways and Means, to whom was referred the resolution (H. Res. 82) to direct the Secretary of Agriculture to furnish the House of Representatives a list of the articles, both foreign and domestic, on file in the Department of Agriculture for changes in rates of tariff in reciprocal trade agreements now under negotiation, having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

Mr. COOPER of Tennessee. Mr. Speaker, I move that the resolution be laid on the table.

The question was taken; and on a division (demanded by Mr. MOTT) there were—ayes 164, noes 54.

So the motion was agreed to.

On motion by Mr. COOPER of Tennessee a motion to reconsider the vote by which the motion was agreed to was laid on the table.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. Do not the Democratic Members of this House want to know anything about the tariff?

The SPEAKER. That is not a parliamentary inquiry.

SECOND LT. CHARLES E. UPSON—VETO MESSAGE (H. DOC. NO. 168)

The SPEAKER laid before the House the following veto message from the President of the United States, which was read by the Clerk:

To the House of Representatives:

I return herewith, without my approval, H. R. 3071, an act for the relief of Second Lt. Charles E. Upson.

This bill provides that the said Lieutenant Upson, who was dismissed from the service of the Army of the United States in pursuance of approved findings and sentence of a general court martial, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on May 8, 1918, the purpose being to give him, as to the future, the rights, privileges, and benefits conferred by any law upon honorably discharged soldiers.

In view of the facts set forth in the accompanying letter of the Secretary of War, I cannot approve this bill.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 26, 1935.*

The SPEAKER. The objection of the President will be spread at large upon the Journal.

Mr. HILL of Alabama. Mr. Speaker, I move that the bill and message be referred to the Committee on Military Affairs and ordered to be printed.

The SPEAKER. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

THE NECESSITY FOR AN ADEQUATE AMERICAN MERCHANT MARINE AND PACIFIC COAST SHIPBUILDING

Mr. WELCH. Mr. Speaker, I ask unanimous consent to extend my remarks and print in the RECORD a statement with reference to the necessity of an adequate merchant marine and Pacific coast shipbuilders.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WELCH. Mr. Speaker, from time to time I have invited the attention of the House of Representatives to some of the problems of the American merchant marine. Within recent weeks the President of the United States has forcefully brought this matter to the attention of the Nation by sending a special message to Congress dealing with the subject. More recently the Committee on Merchant Marine and Fisheries, under its able chairman, has held hearings on the problem.

We are all in common accord that an adequate merchant marine is necessary. It is necessary in time of peace in order that the entry of American goods into world channels of trade might be guaranteed equality in transportation costs with that of other nations. It is necessary in time of war in which the United States may not be engaged in order to carry on trade and commerce when the ships of other nations might be withdrawn to assist their own navies. It is necessary that we might have an adequate naval auxiliary to meet our own wartime requirements for the transportation of troops, supplies, and equipment. It is necessary that we have adequate shipbuilding facilities always available on our Atlantic and Pacific coasts prepared to meet any emergency requirement.

The President has emphasized these reasons and has stated that direct ship subsidies should be made—

Based upon providing for American shipping, Government aid to make up the differential between American and foreign shipping costs. It should cover, first, the difference in the cost of building ships; second, the difference in the cost of operating ships; and, finally, it should take into consideration the liberal subsidies that many foreign governments provide for their shipping.

Our own experience and the heavy outlays that have been necessary whenever emergencies have arisen point to the urgency of this matter. The United States could have maintained an adequate merchant marine from the foundation of the country up to the World War at one-half the expense that was necessary at the beginning of that war had we maintained a far-sighted policy. Instead, we permitted American manufacturers and producers to depend on foreign bottoms for shipping American goods. When these ships were withdrawn from trade routes our commerce was helpless. We cannot permit that condition to ever exist again.

Every major maritime nation upon the face of the earth subsidizes its merchant marine directly and openly. The United States stands alone among the nations of the world as one with major maritime interests granting subsidies by subterfuge, under the guise of mail contracts. The time has come when we must recognize the national necessity and purpose of an adequate merchant marine by granting these subsidies openly and directly. They should be granted for ship construction to meet the unfair competition imposed by lower standards of living and consequent cheaper costs in foreign countries. They should be granted for ship operation to such routes in international, intercoastal, and

coastal trade that will stimulate commerce, insure flexibility in operation, parity in competition, and surety in protection. The savings to American agriculture and industry thus effected will be far greater than the direct cost to the United States Government and will ultimately save the American taxpayer large sums.

The impetus given to a study of our merchant marine problems by our experience during the World War brought about an orderly plan in its development, but the time has now come when we must rehabilitate and maintain our merchant marine at its highest efficiency in accordance with that plan.

While the United States ranks second only to Great Britain in gross tonnage available for ocean-going traffic, a large part of it is what may be termed "static tonnage." Many of these vessels built during and immediately following the World War, cannot meet the competition of modern ships. Technical advances made in type, machinery, and equipment of ocean-going vessels has actually caused the United States merchant fleet to drop to fourth or fifth place among the nations. It is surpassed by every major maritime nation when measured in its ability to quickly and economically carry cargoes from port to port.

Of our entire merchant marine, the United States has only built 11 percent since January 1, 1924, while Great Britain has built 42 percent; Germany, 38 percent; France, 25 percent; Italy, 28 percent; and Japan, 21 percent. With 89 percent of our merchant marine composed of ships over 11 years old, economy in their operation and fair competition with the ships of other nations is almost futile.

Fuel consumption alone is 30 to 40 percent less on modern vessels than on those built 12 years ago. Mechanical equipment has been improved during the past decade to reduce costs, and other operation costs are similarly higher on older ships. In these times when speed of delivery is a major economic factor, the delays caused by the slower movement of these older vessels adds appreciably to the handicap American shipping has to overcome, as well as to operation costs. Steps must be taken now to regain the cargoes we are losing in ever-increasing numbers.

Coincident with the need for an adequate merchant marine is the need for adequate shipbuilding facilities on both the Atlantic and Pacific coasts. No greater insurance can be given for the success of our Navy than to have proper private shipbuilding and ship-repair yards always available to meet our needs in emergency. The problems involved are much easier of solution on the Atlantic seaboard than on the Pacific coast. At the same time, the need is probably far greater on the Pacific coast than on the Atlantic.

I can recall when shipbuilding was one of the major industries of the Pacific coast. Today it is almost a lost art. Thousands of artisans who formerly worked in shipyards have had to turn their efforts to other lines of trade. Not a single large merchant vessel has been built on the Pacific coast since the World War. With the advent of metal ships, sources of raw material are so distant that shipbuilders, looking primarily to profits, practically ceased west-coast construction because they could not meet east-coast prices and pay the costs of transportation of supplies to the Pacific.

Under present merchant-marine legislation we have loaned $150,000,000 at nominal rates of interest for ship construction. Every dollar of that money has entered into ships constructed within a few hundred miles of this Capitol Building. Certainly, we do not mean national security includes only shipyards within a short radius of Washington. If the primary purpose of this ship-subsidy legislation is to build our merchant marine and shipyards for national security, it must include shipyards on the Pacific coast as well as the Atlantic.

The result of all this has been that there is today not a single privately owned major shipyard on the Pacific coast capable of building a capital ship without first spending large sums to repair their equipment. Notwithstanding this, the United States needs such plants to be available in event of emergency. It must encourage private ship construction on the Pacific coast to guarantee the availability of such shipyards in time of war.

As I have already pointed out, the President has stated as the first purpose in granting these subsidies is to make up the differential between American and foreign costs of ship construction. If this differential is necessary between American and foreign construction, and we are in agreement that it is, the same principle holds true in ship construction in different sections of the United States. There should be a differential allowed to equalize the differences in cost of shipbuilding on the Pacific and Atlantic seaboards.

At one time the Navy Department recognized this principle by allowing a differential in the cost of ship construction at the navy yards on the Pacific coast to equalize the increases due to transportation costs. Congress should also recognize this need and encourage private ship construction by allowing a three-fourths of 1 percent differential on ship-construction loans on vessels built in Pacific coast yards, the home ports of which will be on the Pacific coast. This principle is agreed as necessary by representatives of the shipping and shipbuilding industry, whose primary interests are on the Atlantic seaboard.

Under existing law ship-construction loans are authorized for vessels entering into foreign-trade routes at 3½ percent interest. For such ships constructed on the Pacific coast and which will ply between Pacific coast ports and foreign ports this interest rate should be 2¾ percent. At the present time loans are authorized for the construction of ships for domestic trade, coastwise and intercoastal, at 5¼ percent. This interest rate should be 4½ percent for ships constructed on the Pacific coast and used in trade routes having at least one terminal in ports on the Pacific coast.

Such a differential will not cost the United States Government a single penny, for the Government borrows its funds at much lower interest rates. At the same time it will encourage the rebuilding of shipyards already there but now used only for ship repairs, thus guaranteeing to the United States adequate ship construction and repair facilities for capital ships, both merchantmen and naval.

The effectiveness of our efforts will depend in some measure upon the administration of such legislation as may be enacted. Upon Congress rests the responsibility of effecting the policy and appropriating the funds. We should now prepare to regain our portion of the world's commerce. We should now stimulate American ship construction in all sections of our coast. If we do not, we cannot hope to overcome the obstacles which will be in our way as international trade increases with improving conditions. Neither can we hope to avoid wasteful expenditure of billions of dollars to provide an adequate naval auxiliary should an international crisis arise. It is the cheapest form of insurance, guaranteeing security to our commerce in time of peace and security to our Nation in time of war.

THE THOMAS OIL BILL

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a memorial from my State legislature.

The SPEAKER. Is there objection?

There was no objection.

Mr. STUBBS. Mr. Speaker, probably one of the most controversial measures before the Congress today is the so-called "Thomas oil bill", now under consideration by committees, in which the State of California is vitally concerned.

My district in California, particularly the counties of Kern, Santa Barbara, and Ventura, are big producing areas, and the Thomas oil bill affects them directly.

Therefore, I desire to draw the attention of the Congress to a joint resolution adopted recently by the California State Assembly, which condemns the purpose of this legislative measure.

CALIFORNIA LEGISLATURE.

The following joint resolution was adopted April 24 by the California State Assembly by a vote of 68 to nothing and adopted unanimously by the Senate on April 26, 1935.

Introduced by Welsh in assembly; introduced by Wagy in Senate.

Whereas the past history of the sovereign State of California is replete with illustrations of its earnest endeavor to jealously guard the State's rights, prerogatives granted under the Constitution of the United States; and

Whereas there is continuing evidence of a desire on the part of some officials in Washington to compel a surrender of these rights in whole or in part; and

Whereas the oil and gas conservation statutes of this State have been rigidly enforced to prevent physical waste in the production of crude petroleum or natural gas, and to protect the underlying strata that hold these natural resource reserves; and

Whereas there is now pending before the Congress of the United States a bill, generally known as the "Thomas bill", which has for its purpose the attempted regulation of the production of crude petroleum with the several oil-producing States; and

Whereas the objective of the main portion of this bill is contrary to the principles of our dual form of government in that it provides for an attempted invasion of the sovereign powers of California, and would permit Federal encroachment upon the exclusive power of this State to control the production of its natural resources: Now, therefore, be it

Resolved by the Assembly and the Senate, jointly, of the State of California, That Senators and Representatives in Congress from this State be urged to use their utmost endeavor to defeat the passage of this proposed measure and other measures of a similar nature; and be it further

Resolved, That the Governor of the State of California be requested to transmit a copy of this resolution to the members of the California delegation in Congress, to the Presiding Officers of the Senate and House of Representatives, and to the Chairman of the Committee on Mines and Mining of the United States Senate, and to the Chairman of the Committee on Interstate and Foreign Commerce of the House of Representatives.

JAMES A. MOFFETT

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. KLEBERG. Mr. Speaker, my purpose in taking the floor at this time is based upon what I consider a sound statement that generally the road to attainment is paved with mistakes that have been corrected. Several days ago my distinguished colleague on the Democratic side of the House, Mr. STEPHEN YOUNG, of Ohio, made some statements which I honestly believe were the result of sincere belief on his part but none the less mistaken as to the facts involved. I refer to the statement made with reference to Hon. James A. Moffett, Administrator of the National Housing Administration.

I ask unanimous consent, Mr. Speaker, at this time to extend my remarks to include therein my own personal investigation of certain facts which the House and the country should know in connection with that statement.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. KLEBERG]?

There was no objection.

Mr. KLEBERG. Mr. Speaker, a Member of Congress is confronted at times with the necessity of calling the attention of the House and the country to the operations of one or more of the administrative branches of the Government; this, sometimes, because of a sincere belief on the Member's part that the administration is failing to operate in accordance with congressional intention; at other times based upon the conviction that administrative officers are recreant to their trust and are failing in the performance of their duties. It is not my desire to censure anyone on this occasion, and least of all my distinguished young friend and fellow Member, Mr. STEPHEN YOUNG. It is my belief that if an honest mistake is wrong, that no Member of this House could qualify with a spotless record.

Mr. Speaker, there are two reasons for my taking the floor in an effort to correct what I consider to be an erroneous impression based upon honest error, which of itself was occasioned by insufficiency of factual evidence on the part of my colleague. The first reason is to correct the effect on the country of his statement because of its effect upon the successful operation of the Federal Housing Administration, which I honestly believe is destined to serve a very important part in the recovery of our beloved country. The Federal Housing Administration depends more upon real salesmanship than upon any other thing for its successful functioning. It has no money to spend nor money to loan for either modernization, repair, or new construction. The public in general and financial institutions must do the job. This they will only undertake through an intelligent understanding of the plan involved and the opportunity afforded. Anything which reflects discredit upon the administration, which can certainly be accomplished by the discrediting of the Administrator, Mr. Moffett, obstructs and hampers accomplishment on the part of the F. H. A. of its intended function. Such an administration must command both the respect and the confidence of both those who are desiring to repair or rebuild old homes or build new homes, as well as financial institutions or individuals who must put up the money to effectuate the utilization of this guaranteed field of investment. Many a fellow citizen now on the relief rolls will be denied gainful occupation and self-sustenance by the discrediting and consequent limiting of the otherwise almost limitless field opened through the Housing Act.

The second reason, Mr. Speaker, which actuates me in taking the floor is to correct, if possible, the effect of my distinguished young colleague's honest error in his lack of appreciation of Mr. Moffett as a constructive citizen and a patriot. This because I have known Mr. Moffett many years, and through this long acquaintance I deem him to be my personal friend. There is no doubt but that I am his friend.

Without more ado, Mr. Speaker, my own investigation discloses that with the exception that Mr. Moffett's trip to Florida to attend the wedding of his son and take a 2 weeks' vacation, every other trip which has occasioned his absence from his Washington office has been on official business. Since February 4 and through April 26, I have found the following record of his movements to be true:

February 4 through 27: In Washington office.

Night of February 27: Left for Oklahoma City and Tulsa at the request of Governor Marland to make speeches on the Federal Housing program.

March 4 through 8: In Washington office.

March 9 (Saturday): Attended newspapermen's dinner in New York City.

March 11 through 14: In Washington office.

March 14 (p. m.): Left for Fort Worth, Dallas, San Antonio, and Austin, Tex., to address joint session of legislature, as well as bankers, chambers of commerce, clearing-house associations, and so forth.

March 21 (a. m.) through 23: In Washington office.

March 23 (p. m.): Left for Florida to attend son's wedding and for short vacation.

April 8 (a. m.) through 9: In Washington office.

April 9 (p. m.): Left for Detroit to address leading industrialists, bankers, and so forth.

April 11: En route from Detroit to Princeton, N. J.

April 12 and 13: Princeton University, presiding at round-table discussion on housing.

April 14 (a. m.) through 26: In Washington office.

So much for the period of his service under discussion. In addition to the above, I call your attention to the fact that he was appointed a member of the Industrial Advisory Board of the National Recovery Administration July 31, 1933. He resigned as vice president of the Standard Oil Co. of New Jersey to accept this appointment by the President. On August 30, 1933, he was appointed by our Chief Executive as one of three members to represent the Government on the planning and coordination committee to administer the Petroleum Code. He resigned as a member of the Industrial Advisory Board of N. R. A. on November 1, 1933, in order to be able to devote his full time to his duties on the planning and coordination committee. At the conclusion of his service on this committee, he left Washington on December 19, 1933. On January 15, 1934, he accepted the position of vice president of the Standard Oil Co. of California. On June 30, 1934, he was again called by the President and was appointed by President Roosevelt as Federal Housing Administrator. He has spent full time in Washington, and because his duties as Federal Housing Administrator require his full time, he forthwith resigned as vice president of the Standard Oil Co. of California on September 31, 1934. On April 27 he was given a 90-day furlough from the Federal Housing Administration by the President.

This brief résumé of his activities in connection with Mr. Roosevelt's administration is but a small part of the record of Mr. Moffett's contribution of efficient and patriotic service to our country. Time does not permit further reference to this distinguished and able administrative head on this occasion.

I am perfectly aware, through my first-hand acquaintance with Mr. Moffett and my own personal knowledge of many other meritorious and unselfish activities in which he has participated, that the major reason for the conscientious mistake of my distinguished young colleague is to be found in the fact that he is not so acquainted. Stephen Young and Jimmie Moffet should be more than acquaintances, and if this had been the case I am sure they would be friends.

Mr. Speaker, I thank the House for its indulgence, and may I express the hope that this and other natural consequences of human endeavor and mistakes may be corrected and the highway to recovery may be smoothed permanently and safeguarded against accident.

PROCESS TAX ON TOBACCO

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein a letter received from Secretary Wallace on the processing tax on tobacco.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, under leave to extend my remarks in the RECORD, I enclose the following letter received by me from the Secretary of Agriculture:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 26, 1935.

Hon. JOHN W. McCORMACK,
House of Representatives.

DEAR MR. McCORMACK: Reference is made to your letter of April 4 in which you request information as to what grades or character of tobacco have reached parity under the Agricultural Adjustment Act, and whether or not the processing tax thereon has been reduced.

The 1934 crop of flue-cured tobacco, which has just been marketed, sold at a price above what it now appears will be the fair exchange value or parity price of that crop. In the case of tobacco, the parity price of each type, which is used in determining the rate of processing tax, is based upon the average of the monthly indexes of the prices of articles farmers buy during the year in which the particular crop was sold. The average price for the 1934 flue-cured crop was approximately 27 cents per pound, and the 1934–35 parity price of this crop is expected to average around 20 cents per pound. No action has been taken to adjust or remove the processing tax upon flue-cured tobacco, and it is not contemplated that such action will be taken until the end of the current marketing year for tobacco. The marketing year for tobacco is the period October 1 to September 30, inclusive.

This is in accord with the policy adopted with reference to tobacco processing taxes. Last year when it became evident during the marketing season that the price of the 1933 crop of burley tobacco had fallen below parity by a much larger amount than had been the price of the 1932 crop from which the rate of processing tax was determined, action was not taken to adjust the rate of tax upward until the end of the marketing year. The same was true of the action taken last year in the case of Maryland tobacco when the rate of processing tax was reduced to zero. These adjustments were made effective October 1, 1934.

In cases where possible adjustments in tobacco-processing taxes have been relatively small and where the revenues needed to finance a program already under way have required a continuation of the rate the second year, the rate has been continued. This was done last year in the case of flue-cured, fire-cured, and dark air-cured tobacco. Rates equal to less than the difference between current prices and parity prices have been established for cigar-leaf tobacco and for all kinds of tobacco used in the manufacture of plug, twist, fine-cut, and long-cut tobacco.

You are aware, of course, that each change of processing tax is accompanied by a change in the tax on floor stocks. Frequent changes in the rates of such taxes are confusing to persons in the tobacco trade, and add greatly to the problems of administration.

Sincerely yours,

H. A. WALLACE, *Secretary.*

Mr. LEA of California. Mr. Speaker, I desire to announce the necessary absence of the gentleman from California [Mr. TOLAN], who is serving today as a member of the Board of Visitors to the Naval Academy.

CONFERENCE REPORT—MOTOR VEHICLE RESPONSIBILITY ACT, DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the conference report on the bill (S. 408) to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia, to prescribe penalties for the violation of the provisions of this act, and for other purposes, and ask for its immediate consideration.

The Clerk read as follows:

CONFERENCE REPORT

[To accompany S. 408]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 408) to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia, to prescribe penalties for the violation of the provisions of this act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment.

Mr. PALMISANO. Mr. Speaker, the conferees on the part of the House endeavored to follow the instructions of the House, but the Senate insisted on its amendments; and, after several conferences, your conferees recommend that the House recede.

I may say for the benefit of the Members present that some 28 or 30 States have the summons provision in their liability laws. With one exception in these States all that is necessary to get a summons is the posting of $2. In the amendment in question we go a little further in that a bond is required. I can readily understand why this additional requirement is made, for whereas the legislatures of the various States are interested in protecting the rights of the residents of the particular State, we in the national Congress are interested in protecting the rights of our constituents who come from the 48 States. Under the amendment it would be necessary before a suit could be filed that the plaintiff give a bond not only to protect the nonresident against costs but against attorneys' fees. So it will be seen this amendment is a little more stringent than the laws in the individual States.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. BLANTON. I was one of those who voted with our friend, the gentleman from Oklahoma [Mr. NICHOLS], against this proposition in the committee, but investigating the matter since then, I am now with the conferees and I believe that their action in replacing this provision should be upheld. I find that in Oklahoma, the State of our distinguished colleague, they have just such a law; and they have practically the same law in 34 States. I am in favor of the action of the conferees, and think that we ought to approve their conference report.

Mr. PALMISANO. There is this difference, however, that in Oklahoma the protection of the bond is not in the law.

Mr. BLANTON. So, really, this provision is much more favorable to nonresident defendants than the law is in the State of Oklahoma.

Mr. PALMISANO. Yes.

Mr. TAYLOR of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. TAYLOR of South Carolina. Could the plaintiff in such a suit get a default judgment by this process and transcribe it to the State where the defendant resides?

Mr. PALMISANO. He must first procure a summons and serve it by registered letter.

Mr. TAYLOR of South Carolina. I understand that, but he gets jurisdiction by advertising.

Mr. PALMISANO. No; not by advertising; he must send a copy of the summons to the defendant by registered letter; and the attorney, or the plaintiff himself in his petition must file the notice of registered letter showing receipt by the defendant.

Mr. BLANTON. And such a personal judgment rendered in another jurisdiction would not be collectible. So why worry so much about it.

Mr. TAYLOR of South Carolina. If it were properly transcribed to the jurisdiction where the man resides, it would be good, would it not?

Mr. PALMISANO. The summons is served by registered letter, not by a deputy sheriff.

Mr. BLANTON. This would be a personal judgment rendered in a foreign jurisdiction, and would not be collectible in the resident State of the defendant.

Mr. TAYLOR of South Carolina. If it were transcribed to the jurisdiction of the State of the defendant it would be all right.

Mr. PALMISANO. Yes.

Mr. KLOEB. If such judgment were transcribed to another jurisdiction it would operate as a cloud on the title of the real estate of the defendant.

Mr. PALMISANO. As I say, this law is almost identical with the laws of those States which have automobile liability laws except they do not require the plaintiff to file a bond before they can get service. Under the proposed amendment the plaintiff must file a bond to protect the defendant.

Mr. KLOEB. The gentleman said that the costs included the summons and court costs.

Mr. PALMISANO. And costs of attorneys' fees.

Mr. KLOEB. But that does not mean the costs the defendant may be put to in traveling from his home to the District of Columbia to defend himself?

Mr. PALMISANO. Yes.

Mr. KLOEB. The language of the bill does not say so.

Mr. PALMISANO. It covers all necessary expenses.

Mr. KLOEB. But the bill is not so worded.

Mr. PALMISANO. All right; that is within the discretion of the court.

Mr. KLOEB. This provision is a monstrosity.

Mr. PALMISANO. Mr. Speaker, I yield 10 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, I do not feel that it is necessary to make a hard fight on this proposition for as soon as the membership of the House is advised as to what is about to happen under it they will be opposed to it. As I said before when presenting this amendment, there are very few things in the laws of the District of Columbia that will directly affect the constituents of Members of Congress; but if this provision be enacted into law it will affect every constituent of a Member of Congress who visits the city of Washington. I want to read a portion of the bill which was stricken out by the House when the bill was under consideration by the House, but which was restored by the Senate, and which the conferees now want the House to accept:

> The operation by a nonresident or by his agent of a motor vehicle on any public highway of the District of Columbia shall be deemed equivalent to an appointment by such nonresident of the director of vehicles and traffic or his successor in office to be his true and lawful attorney upon whom may be served all lawful processes in any action or proceedings against such nonresident growing out of any accident or collision in which said nonresident or his agent may be involved while operating a motor vehicle on any such public highway, and said operation shall be a signification of his agreement that any such process against him, which is so served, shall be of the same legal force and validity as if served upon him personally in the District of Columbia. Service of such process shall be made by leaving a copy of the process with a fee of $2 in the hands of the director of vehicles and traffic or in his office, and such service shall be sufficient service upon the said nonresident.

It provides further, I grant you, that the serving officer shall mail to your constituent by registered letter a copy of the summons. That is no relief to him, when he is brought back to the District of Columbia from California, Florida, Texas, Oklahoma, or some other distant State to answer a frivolous suit.

The man may have the protection of a bond, but let us look at the kind of a bond that is provided. It says, "A bond by one or more sureties." Certainly there are enough lawyers in this House to know what a bond of one or more sureties, approved by a justice of the peace, amounts to in reference to the sufficiency of the bond in the event that a constituent must return to Washington and institute a suit against the bondmen to recover the money he has expended.

Mr. TAYLOR of South Carolina. Does not this open up a channel for an organized racket?

Mr. NICHOLS. It would be one of the prettiest rackets in connection with the justice of the peace courts that the gentleman ever saw.

This further provides for a personal service. Then it says:

> That said notice of such service and a copy of process may be served upon defendant in the manner provided for in section 105 of the Code Laws of the District of Columbia.

Here is what is provided in the Code Laws of the District of Columbia, and I read:

> Publication may be substituted for personal service of process upon any defendant who cannot be found and who is shown by affidavit to be a nonresident, or to have been absent from the District for at least 6 months, or against the unknown heirs or devisees of deceased persons, in suits for partition, divorce, by attachment, foreclosure of mortgage and deeds of trust, the establishment of title to real estate by possession, the enforcement of mechanics' liens, and all other liens against real or personal property within the District, and in all actions at law and in equity which have for their immediate object the enforcement or establishment of any lawful right, claim, or demand to or against any real or personal property within the jurisdiction of the court.

Mr. Speaker, the argument of my distinguished colleague the gentleman from Texas, is that even if you get a judgment in the District of Columbia it could not be enforced against our constituents in California and other States. I think that is right. I do not think the judgment could be enforced in other States, but if we are going to admit at the very outset of the consideration of this matter that it will have no effect if it is placed upon the books, why in the name of common sense clutter up the books? If it is going to have no force and effect, what is the justification for enacting this into law?

Mr. HULL. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Wisconsin.

Mr. HULL. Will the gentleman point out more clearly than he has already the fact that if this conference report is adopted and this section of the law goes into effect we are going to have a racket here that will work out into the various States and it will compel people to make settlements where no settlement should be made. In other words, it is a general racketeering scheme for a bunch of lawyers to reach out from Washington.

Mr. NICHOLS. I think the gentleman is entirely right. Mr. Speaker, the argument as to 35, 36, or 48 States in the Union having the same law is answered in this way. Do we pass legislation in this great body simply by reason of the fact that some State has passed a similar law? Why, there is no sovereignty in the District of Columbia. This is just a little parcel of land hewed out of the middle of the Nation and we say that this will always be controlled by Congress and will be a neutral ground for all of the citizens of the United States. I say that we should throw safeguards around the visitors to the District of Columbia who want to come here and transact their public and personal affairs in the Nation's Capitol. We ought to throw more protection around them than in a State that has sovereign rights, and which the District does not enjoy.

Mr. ROBERTSON. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Virginia.

Mr. ROBERTSON. Is it not true that in the District of Columbia the statute of limitations on tort actions is 3 years?

Mr. NICHOLS. That is right.

Mr. ROBERTSON. How many States does the gentleman know of that have 3-year statute of limitations, where a man could delay his tort action arising out of an automobile injury for 3 years after the witnesses were scattered and all gone?

Mr. NICHOLS. I think that is beside the point. There is certainly provided in this bill a 3-year limit of time in which to bring suit.

Mr. BLANTON. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Texas.

Mr. BLANTON. There used to be a slogan "Turn Texas loose." Would the gentleman like to have all Texas come here and be turned loose in Washington and the few

reckless drivers every State has allowed to run into automobiles, breaking up the machines, and causing serious injury to women and children, and then leave Washington and go back to Texas and be absolutely beyond the reach of the people of Washington?

Mr. NICHOLS. No; but may I say to the gentleman that if the amount of damages reached in dollars and cents the sum of $3,000, I think it is, it would permit the man to go into the Federal court by reason of diversity of citizenship. He could sue in the Federal courts, and that is his recourse, as already provided by the laws of this Nation.

Mr. BLANTON. When any Texas people who are reckless drivers come here and, through reckless driving, cause collisions and are responsible for damages, I want them to respond.

Mr. CARPENTER. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Kansas.

Mr. CARPENTER. In order to protect our constituents, as the gentleman from Oklahoma has pointed out, we should vote against the adoption of this conference report.

Mr. NICHOLS. Yes; we should vote down the conference report.

Mr. KENNEY. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from New Jersey.

Mr. KENNEY. Will the gentleman tell us the amount of bond provided?

Mr. NICHOLS. There is no amount. It says, "A good and sufficient bond of one or more sureties." Go down and get your janitor in the courthouse and a justice of the peace will approve the bond. That is all that is necessary under this law.

Mr. KNUTSON. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Minnesota.

Mr. KNUTSON. If a man from California seriously injures a Washingtonian or a person temporarily in the city and he could get out of the District before the papers are served on him, the injured individual would have to go to California in order to sue that party?

Mr. NICHOLS. Unless his injury is enough to permit him to go into the Federal court. If the injury was very great, does not the gentleman think the man would probably be stopped instanter and a process obtained immediately for him?

Mr. KNUTSON. Not necessarily. The accident may happen very near the District line.

Mr. NICHOLS. Mr. Speaker, I ask the Members to vote against the adoption of this conference report.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, at first blush I was with my distinguished colleague from Oklahoma, but after getting all the facts and the law I am thoroughly convinced the conference report should be adopted. However, as one of the conferees I insisted on the gentleman having an opportunity to discuss this report. If we do not have the facts and the law on our side, we are not entitled to win and should not win. I am not afraid of a fair presentation of the other side. Let the Members of the House say who is right.

In the District of Columbia last year 135 people lost their lives by reason of automobile accidents. More people lose their lives in the District of Columbia every year than there were soldiers from the District of Columbia killed during the entire World War. Certainly there is a very serious problem here relating to automobiles and automobile accidents.

There is a bill pending which provides that in the event one is convicted of driving an automobile while under the influence of liquor or if he is convicted of leaving the scene of an automobile accident or if he is convicted of any of these named offenses in any other State, before he can operate a motor vehicle in the District of Columbia after such conviction and after it has been upheld, he is required to take out liability insurance to protect the public. This is perfectly reasonable and is not placing a penalty on all the people. It is just requiring those who are found guilty of violating these particular laws to take out insurance to protect the people before they can operate an automobile anywhere in the District of Columbia. That is certainly reasonable. Then the point at issue is this: There is a provision in the bill that in the event there is an automobile collision and one party lives in the State of Maryland, Virginia, or any other State and is at fault, and a District resident or a resident of Illinois or some other State is involved, or suppose it is an Illinois car and a New York car that are involved, and they have an accident in the District and the New York car is at fault. The Illinois man will force the New York man to come to the District, the scene of the accident, where the witnesses live, in order to try the case. This is all there is to it.

If there is an accident in which a New York car and a District car are involved and the New York man is at fault, and the District resident desires to bring suit, before he can bring such suit, under this provision, he has got to give a good and sufficient bond, a bond that the judge of the court will say is good, a bond that will pay the expenses of the man coming back here from Texas or Illinois or California or Maine or Florida. This will guarantee that all the expenses of such trips will be paid, including his witnesses and even his attorney's fees. This is all absolutely guaranteed. It will have a tendency to discourage suits without merit and will certainly discourage small suits.

Now, you say the bond will not be good. When you say that you are impeaching the judges of the District. If the judges of the District will not require faithful performance of that part of the law, we should get rid of the judges, but until they fail we must presume they are going to do their duty as they are sworn to do their duty.

Now, I have an opinion from the corporation counsel. The law cited by the gentleman from Oklahoma was very persuasive to me. The thought that you could get service on people outside of the State by registered mail and require them to come back here and defend a suit was repulsive to me. I practiced law for 14 years, and it was repulsive to me to think that we would require people to come back on such service as that, but having looked into the matter I find that 35 States have similar laws. The State of Oklahoma has this law, and the people there do not have to put up any bond. The plaintiff can bring the suit and require a man from Maine or California or Florida to come back to Oklahoma and not put up any kind of bond, because the accident occurred there, but here, before we will permit a plaintiff to bring a defendant back, he has got to give a good and sufficient bond, and this service by publication mentioned by the gentleman will not apply in this case because the law says that before a judgment can be taken, 20 days must have expired after the actual service or after the notice by registered mail. Some States provide that notice by registered mail may be given if you send it to any person, a member of the family, over 15 years of age. In Oklahoma, if you want to give a defendant notice, just so you can show that the notice was delivered to a member of his family, 15 years of age or more, the service is good in that State, but under this law it it not good. You must actually deliver it to the man himself and get his receipt showing that it has been delivered to him before the service will be any good.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. VINSON of Kentucky. It seems to me it is a question of which end of the singletree you are on, whether you are the injured or the one who perpetrated the injury; and I take it in Oklahoma the legislature based that law upon the protection of the citizens of Oklahoma.

Mr. PATMAN. That is right.

Mr. VINSON of Kentucky. In order to prevent them from being required to go to the four corners of the country.

Mr. DONDERO and Mr. NICHOLS rose.

Mr. DONDERO. Would the defendant or the plaintiff put up the bond?

Mr. PATMAN. I am sorry, but I cannot yield now, because if I yield to one I must yield to all.

Let us consider the local situation. Twenty-five percent of the accidents here last year were caused by nonresident cars. Therefore if you strike this provision out, you are eliminating 25 percent of this law that you are passing to promote safety. Remember that cars from Virginia and Maryland operate here all the time, and if you strike this provision from the law, I do not care how many times they have been convicted of driving while drunk or leaving the scene of an accident, you cannot require them to take out liability insurance and you will be exempting them from this provision of the law.

Therefore, my friends, if you want to protect the people of this District, if you want your constituents and your family and yourself protected, it is necessary to leave this provision in the bill. If there should be one abuse of this privilege, I venture the assertion that Congress would quickly repeal the law. If there should be the least kind of abuse of this provision by the judges, we can get the wrong righted.

Mr. NICHOLS. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. NICHOLS. If the only reason you keep this in here is to protect the District of Columbia citizens against people having been convicted of an accident before the issuance of a license—I will ask if this is stricken out of the law and that person should come back and make application for a license, he would not be subject to service in this District.

Mr. PATMAN. He would not come back and make application for a license. If he was not using a District of Columbia license, he would not come back here and make application.

Mr. BLANTON. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BLANTON. The way the conference report is drawn, putting back this language, is for the protection of all other persons in the United States who come to Washington, as well as the citizens of the District of Columbia.

Mr. PATMAN. It is for protection of people all over the Nation. Suppose someone from Illinois was operating an automobile here in the District of Columbia and that person should have a collision with an automobile from New York. The Illinois man, we will say, was in the wrong. Should the New York man have to go to Illinois? Why should not he be able to require the Illinois man to come back to the District of Columbia?

Mr. ROBERTSON. This provides for a personal judgment in the District.

Mr. PATMAN. Yes.

Mr. ROBERTSON. If you get a judgment in the District and send it to the State where the man resides, they could get judgment in that State.

Mr. PATMAN. I think my friend will agree that the lack of notification is a defense to the judgment. If there was no service, the judgment is not good. I have an opinion from the corporation counsel that this service would not be by publication.

Mr. ROBERTSON. Does not the gentleman think that 3 years is too long?

Mr. PATMAN. That is a question of limitation. Some of the States have 1 year, some 2 years, and some 3 years. Three years is not unusual.

Mr. PARKS. You would have a different rule of law here than in other Commonwealths.

Mr. PATMAN. In my own State they do not require the plaintiff to deposit a bond. This will require them to deposit a good and sufficient bond.

Mr. PARKS. But in the city in which you live, after getting a judgment, you have to get personal service. You give to the District of Columbia a preference that no other city in the Union has.

Mr. PATMAN. No. Thirty-five States have this law. They are imposing a greater burden on the plaintiff in a lawsuit in the District of Columbia under this law than is imposed in any of the other States. So the gentleman cannot say we are giving them any privilege.

Mr. BLANTON. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BLANTON. Is it not a fact that in the jurisdiction of practically every State provision is made that where an accident occurs you can sue the wrongdoer, either where the accident occurs or at his home?

Mr. PATMAN. Certainly.

Mr. SISSON. Will the gentleman yield?

Mr. PATMAN. Just a moment now. In Texas it is 904 miles from Texarkana to El Paso. If an accident happens in El Paso County you can either sue the man in El Paso County or in Bowie County, Tex., 900 miles away, if the man lives there.

Mr. DONDERO. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DONDERO. Is there anything in this act to prevent a defendant being represented by sending his deposition, so that he would not have to come back here?

Mr. PATMAN. No. He can be represented any way he wants to. He can be represented by a lawyer and he will be paid if he is right. The expense of his lawyer will be paid. It is more protection thrown around the defendant than any law that I know of.

Mr. GILCHRIST. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. GILCHRIST. The gentleman practices law in Texas. Suppose I come to the gentleman's office and say, "I am sued in the District of Columbia for $250. My time is worth something; your time is worth something"; what advice will you give me?

Mr. PATMAN. Of course, in small cases like that——

Mr. GILCHRIST. The gentleman would say to me, would he not, "You had better pay it and forget all about it"?

Mr. PATMAN. That is just like all lawsuits. Neither side wins in a small lawsuit.

Mr. GILCHRIST. It will simply be racketeering built up here.

Mr. PATMAN. That applies in your home county, as well as in the District of Columbia. The bond required will discourage small suits.

Mr. GILCHRIST. Another question: The gentleman is in error in saying you can sue a defendant in the county where the accident occurs, at least in many jurisdictions. That may be true in the State of Texas, but it is not true in many other places.

Mr. PATMAN. Well, that has no reference to this, anyway.

Mr. GILCHRIST. Suppose I assault you——

Mr. PATMAN. But we are talking about liability insurance now.

Mr. GILCHRIST. But the gentleman was talking about where the suit ought to be brought. I think this is more of a racketeering proposition for the racketeers.

Mr. PATMAN. If I felt a racket could be built up, I would be against it. The judges would not permit it. If they did permit it, then we would go after the judges. The judges can allow a racket to be built up under the present laws if they want to. If we have judges like that, we ought to get rid of them.

Mr. HEALEY. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HEALEY. Would not a provision which required the posting of a bond for costs discourage these frivolous and small suits?

Mr. PATMAN. Certainly it would. The gentleman has brought out a very good point.

I ask that you adopt this conference report.

A MEMORANDUM ON THIS REPORT PREPARED BY HON. E. BARRETT PRETTYMAN, CORPORATION COUNSEL, DISTRICT OF COLUMBIA

(Conference report on S. 408)

The House of Representatives, on March 28, 1935 (CONGRESSIONAL RECORD, pp. 4638–4639), struck from the bill that portion beginning with line 16, page 8, down to and including line 5, page 10. The provision thus stricken is that which provides that the operation of an automobile by a nonresident in the District should be deemed equivalent to the appointment of the director of traffic as

an agent upon whom process might be served in an action growing out of an accident, provided that such process be served by leaving a copy with the director, and that another copy be forthwith sent by registered mail to the defendant, and the defendant's return receipt be appended to the writ and entered with the declaration.

It also required that in such an action the plaintiff should first file a bond in such an amount as the court may require to reimburse the defendant, on the failure of the plaintiff to prevail in the action, for the expenses necessarily incurred by the defendant, including attorneys' fees, in defending the action.

The conference report recommends that the House recede from its amendment.

The effect of the amendment, if adopted, would be (1) to eliminate the power of the authorities of the District of Columbia insofar as this bill is concerned, to revoke the right of a nonresident to drive on the streets of the District, if such nonresident causes an accident and refuses to pay a judgment for damages rendered against him, and (2) to make it necessary for a resident of the District to sue a nonresident in the latter's home jurisdiction in a case in which such nonresident had caused damages while driving a car on the streets of the District.

A MODERN PROBLEM

The question as to the proper venue for tort actions arising from automobile accidents is a modern problem. A generation ago torts committed against residents of one State by residents of a far distant State were not usual. With the coming of automobiles and transcontinental highways, however, damages inflicted upon residents of one State by automobile drivers from far-distant States became an almost daily legal problem. The situation exists all over the country. Automobiles from distant States are in every jurisdiction. Accidents involving those vehicles have become almost daily occurrences. A serious legal question arose as to the rights of the respective parties in such cases. The old rule, brought down from the common law, did not readily fit the new problem, and did not afford a satisfactory solution. Some new answer must be found.

THE MERITS OF THE PROBLEM

Assume an automobile accident in Illinois involving a resident of that State and a resident of New York. Considering proper venue for a suit consequent to such an accident, the first, and most obvious, provision is that a trial at the place where the witnesses are available ought to be readily possible. The rigid requirement that the suit be brought at the residence of the defendant would, in about half the cases, nullify this possibility. Obviously the law should be so drawn that suit where the witnesses are available should be permitted.

In the second place, assume that in such an accident the resident from New York was at fault. Now clearly wherever the suit be had it will be at the inconvenience of one or the other of the parties; if it be in New York, the inconvenience would be to the resident of Illinois, and if the suit be in Illinois, it would be at the inconvenience of the resident of New York. The question then becomes this: Who should suffer the inconvenience, the person causing the damage or the victim thereof? Thus stated, the answer is easy—clearly the person causing the damage should be put to the inconvenience, if inconvenience be necessary to one or the other of the parties involved. This, of course, means that jurisdiction be conferred upon the courts of the residence of the plaintiff in the action, if that be the place where the accident occurred.

Moreover, the question of public safety is involved. The power of every jurisdiction to protect the users of its own streets against damages and accidents must be protected. As the Supreme Court said in *Hendrick* v. *Maryland* (235 U. S. 610, 622):

"The movement of motor vehicles over the highways is attended by constant and serious dangers to the public."

Logically each local jurisdiction should be able to say that if nonresidents operate automobiles on its streets, it will hold such nonresidents strictly accountable for damages caused by them in such operation, and will enforce such requirements by its own laws, and will not require its own citizens to follow such nonresidents to distant points in order to satisfy such damages.

THE ANSWER TO THE PROBLEM

With the foregoing considerations in mind some 35 or 36 States have reached the same answer, and that answer is the one which is contained in the provision which was stricken from this bill by the House amendment. No other satisfactory answer has been devised or suggested.

States which have adopted this provision are:

Alabama, Arkansas, California, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Vermont, Washington, Wisconsin, Wyoming.

PROVISION IS NOT DISCRIMINATORY

The provision here involved does not discriminate against nonresidents, but, on the contrary, places them upon the same footing as residents. To strike the provision from the bill would be to discriminate in favor of nonresidents. To do so would mean that if a nonresident should cause an accident in the District the local person who is injured would have to go into a foreign jurisdiction to recover the damages, no matter how far distant that jurisdiction might be.

CONSTITUTIONALITY

The constitutionality of the provision here involved has been settled. *Hess* v. *Pawloski* (274 U. S. 352) involved a Massachusetts statute which contained the same provisions as are proposed in this bill. The case went to the Supreme Court on the flat question whether that enactment was constitutional. The Court held it to be valid, saying:

"Motor vehicles are dangerous machines; and, even when skillfully and carefully operated, their use is attended by serious dangers to persons and property. In the public interest the State may make and enforce regulations reasonably calculated to promote care on the part of all, residents and nonresidents alike, who use its highways. The measure in question operates to require a nonresident to answer for his conduct in the State where arise causes of action alleged against him, as well as to provide for a claimant a convenient method by which he may sue to enforce his rights."

Many State courts have upheld the provision. A list of such cases is attached.

THIS PROVISION IS AN INTEGRAL PART OF THE BILL

The basic purpose of S. 408 is to provide that where an operator of a motor vehicle either is convicted of driving while intoxicated, or leaving the scene of an accident without making his identity known, or fails to pay a judgment placed against him because of the damages caused by him in the operation of the automobile, his right to drive on the streets of the District of Columbia shall be revoked until he furnishes evidence of financial responsibility. To enforce the latter provision of the bill requires some method of obtaining judgments. Against residents the answer is already provided, but what about nonresidents? Should they be permitted to cause damages and remain immune from the provisions of the bill respecting their right to drive? If the provisions here involved be stricken, it would mean that nonresidents could cause damages, and there would be no readily available way to secure a judgment which could be the basis for the revocation of the right to drive on the streets in the District. The bill, with this provision stricken, is only part of a complete enactment for the main purposes sought.

NEED FOR THE PROVISION

That the traffic problem is a serious one, no one will dispute. One hundred and thirty-five people were killed in automobile accidents in the District of Columbia last year. Some method of controlling this tragic situation must be devised. The President of the United States in January of this year wrote letters to all Governors and to the Commissioners of the District, urging their earnest attention to the problem. This bill (S. 408) is a traffic-safety measure designed to help meet this appeal. Not only residents are involved in these accidents. About 25 percent of our accidents involve nonresidents. Thus a quarter of our problem is involved in the provisions stricken by the House amendment.

RECIPROCITY

The most effective enforcement of traffic laws is secured from reciprocity agreements among the States. If two States have the same laws, they help one another by mutual cooperation, exchange of information, and reciprocal punishments of offenders against the law in each jurisdiction. But if the laws be different in the States obviously such reciprocity breaks down. Both Maryland and Virginia have statutory provisions similar to the one here proposed for the District. The enactment here will strengthen the reciprocal enforcement so necessary in each of these jurisdictions.

SERVICE BY PUBLICATION

The suggestion is made that services in these cases might be had by publication after 6 months. Obviously reference is made to section 105 of the Code of Law of the District, which is section 378 of title 24 of the 1929 compilation. (Copy of the complete text of this section is attached.) In passing, we remark that the provision of the bill permitting the application of this section of the code to these cases is included within the part stricken by the House amendment. Regardless of that, however, this section of the code permits publication only in actions which are in principle in rem, and in divorce proceedings. The actions in which this method of service is allowed are listed in the code as "suits for partition, divorce, by attachment, foreclosure, or mortgages, and deeds of trust; the establishment of title to real estate by possession, the enforcement of mechanics' liens and all other liens against real or personal property within the District, and any and all actions at law or in equity which have for their immediate object the enforcement or establishment of any lawful right, claim, or demand to or against any real or personal property within the jurisdiction of the court." So that this section of the code would not, by its own terms, apply to these cases. In the second place, to permit service by publication instead of by the method provided in the provision of the bill here involved would seem to be unfair. The stricken provision of the bill requires either actual service by registered mail with return receipt or direct personal service. Thus actual notice to the defendant is required. Service by publication would not guarantee such actual notice. In the third place, service by publication in this class of cases would be subject to a very serious constitutional question. In *Wuchter* v. *Pizzutti* (274 U. S. 13), the Supreme Court held that service of process on a State official, without any provision "making it reasonably probable that notice of service on the Secretary will be communicated to the nonresident defendant who is sued". would be unconstitutional. In *Hess* v. *Pawloski* the Court held that the requirement that notice be mailed by registered mail, with return receipt required, was a reasonable provision for such probable communication, and a statute so requiring was valid. If service by publication were substituted for this requirement of service by registered mail, the same question might arise as arose in *Wuchter* v. *Pizzutti*.

We might add that the provision in the bill which referred to section 105 of the code was not intended to permit service by publication, but was intended to include only the second paragraph of that section, which permits actual personal service on a nonresident by a person not interested in the subject matter in controversy. This was put in the bill to cover cases where nonresidents might refuse to receive a registered notice and thus tend to defeat the bill; if such nonresident were in a nearby place, actual personal service might be secured, which would guarantee actual notice in such case.

CONCLUSION

This provision was in the bill which passed the House unanimously last year. It was adopted unanimously by the Senate this session. It was approved by the subcommittee and by the full District of Columbia Committee of the House. It was stricken by amendment on the floor of the House.

TITLE 24, SECTION 378, OF THE CODE OF LAW OF THE DISTRICT OF COLUMBIA

"378. Publication against nonresident, those absent for 6 months, unknown heirs or devisees, for divorce or in rem; actual service beyond District: Publication may be substituted for personal service by process upon any defendant who cannot be found and who is shown by affidavit to be a nonresident or to have been absent from the District for at least 6 months, or against the unknown heirs or devisees of deceased persons, in suits for partition, divorce, by attachment, foreclosure of mortgages and deeds of trust, the establishment of title to real estate by possession, the enforcement of mechanics' liens, and all other liens against real or personal property within the District, and in all actions at law and in equity which have for their immediate object the enforcement or establishment of any lawful right, claim, or demand to or against any real or personal property within the jurisdiction of the court.

"Personal service of process may be made by any person not a party to or otherwise interested in the subject matter in controversy on a nonresident defendant out of the District of Columbia, which service shall have the same effect and no other as an order of publication duly executed. In such case the return must be made under oath in the District of Columbia, unless the person making the service be a sheriff or deputy sheriff, a marshal or deputy marshal, authorized to serve process where service is made, and such return must show the time and place of such service and that the defendant so served is a nonresident of the District of Columbia. The cost and expense of such service of process out of the District of Columbia shall be borne by the party at whose instance the same is made and shall not be taxed as a part of the costs in the case; but where such service of process is made by some authorized officer of the law in this section mentioned, the actual and usual cost of such service of process shall be taxed as a part of the costs in the case (Mar. 3, 1901, 31 Stat. 1206, c. 854, sec. 105; Apr. 19, 1920, 41 Stat. 556, c. 153)."

APRIL 26, 1935.

MEMORANDUM IN RE: SERVICE OF PROCESS ON NONRESIDENTS AS PROVIDED BY SECTION 3 OF S. 406 (LINE 16, PAGE 8 OF THE PRINT OF THE BILL AS INTRODUCED IN THE HOUSE)

The leading case is *Hesse* v. *Pawloski*, 274 U. S. 352.

Similar provisions are in the statutes of many States and have been considered by many courts and held to be valid. Among the cases in which these statutes have been held valid are:

Pennsylvania statute: *Carr* v. *Tennis* (4 F. S. 142), *Aversa* v. *Aubry* (303 Pa. 139, 154 A. 311), *O'Donnell* v. *Slade* (5 F. S. 265).

Kentucky statute: *Hirsch* v. *Warren* (68 S. W. (2d) 767, 253 Ky. 62).

Wisconsin statute: *State ex rel. Ledin et al.* v. *Davison* (256 N. W. 718).

Connecticut statute: *Barbieri* v. *Pandiscio* (163 A. 469, 116 Conn. 48).

Delaware statute: *Beach* v. *Perdue Co.* (163 A. 265).

Nebraska statute: *Herzoff* v. *Hommell* (233 N. W. 458).

Texas statute: *Morrow* v. *Ascher* (55 F. (2d) 365).

Minnesota statute: *Jones* v. *Paxton* (27 F. (2d) 364).

Louisiana statute: *Moore* v. *Payne* (35 F. (2d) 232).

New Jersey statute: *Cohen* v. *Plutschak* (40 F. (2d) 727).

New Hampshire statute: *Poti* v. *N. E. Rood Mach. Co.* (140 A. 587, 83 N. H. 232).

New York statute: *Hand* v. *Fraser* (250 N. Y. S. 947, 233 App. Div. 800).

North Carolina statute: *Bigham* v. *Foor* (158 S. E. 548, 201 N. C. 14).

OKLAHOMA—CHAPTER 50, ARTICLE 12 (ORIGINALLY SEC. 10137, COMPILED STAT. OF 1921, AS AMENDED BY CH. 116, LAWS OF 1927, AND BY CH. 247, LAWS OF 1929), LAWS OF 1931

An act amending section 10137, Compiled Oklahoma Statutes, 1921, as amended by Session Laws of 1929, chapter 247, and providing for obtaining service of process on owners and drivers of motor cars from other States with automobile tags issued by other States in causes arising in the operation of said cars in the State of Oklahoma, and declaring an emergency

Be it enacted by the people of the State of Oklahoma—

PROCESS, SECRETARY OF STATE, SERVICE ON FOR NONRESIDENT

SECTION 1. Section 10137, Compiled Oklahoma Statutes, 1921, as amended by Session Laws of 1927, chapter 116, section 2, and as amended by Session Laws of 1929, chapter 247, by the addition of two new sections, is hereby amended, as to the said two new sections added, to read as follows:

"SEC. 10137–1. (1) The acceptance by a nonresident of the rights and privileges conferred by section 10137, as evidenced by his operating a motor vehicle thereunder upon the roads and streets of this State for any private use or purpose, or the operation by a nonresident of a motor vehicle on a public road, highway, or street in the State for business or commercial purposes, shall be deemed equivalent to an appointment by such nonresident of the secretary of state of this State, or his successor in office, to be his true and lawful attorney upon whom may be served all lawful processes in any action or proceeding against him growing out of any accident or collision in which said nonresident may be involved while operating a motor vehicle on such public road, highway, or street, and said acceptance or operation shall be a signification of his agreement that any such process against him which is so served shall be of the same legal force and validity as if served upon him personally.

"(2) Summons shall issue and be served as in civil cases, and service of such process shall be made by leaving a copy of the process with a fee of $2 in the hands of the secretary of state, or in his office, and such service shall be sufficient service upon the said nonresident: *Provided*, That notice of such service and a copy of the process, with the return of the officer endorsed thereon, are forthwith sent by registered mail by the plaintiff to the defendant, and the defendant's receipt and the plaintiff's affidavit of compliance herewith are filed with the papers in said case; or in lieu of mailing said copy by registered mail to the defendant, notice of such service may be had upon the defendant by delivering a copy of such process, with the return of the officer endorsed thereon, to the defendant, or to any member of defendant's family over the age of 15 years, at the usual place of residence of the defendant in any State where the defendant may be found or in which such defendant may reside, by the sheriff, constable, or any other peace officer in such State; such service of said notice to be made upon the defendant shall be made at least 20 days before the answer day provided for in such process, and the affidavit of the sheriff, constable, or other peace officer giving such notice, setting forth the manner and date of same, shall be filed with the papers in said case.

"(3) The court in which the action is pending may order such continuances as may be necessary to afford the defendant reasonable opportunity to defend the action."

FEE, RECORD KEPT BY SECRETARY OF STATE

"Section 10137–2. The fee of $2 paid to the secretary of state by the plaintiff at the time of the service shall be taxed as costs if he prevail in the suit. The secretary of state shall keep a record of all such processes, which shall show the day and hour of such service."

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER. Mr. Speaker, I am a member of the Committee on the District of Columbia, and I am a member of the Subcommittee on Traffic and Highways. I have been interested for the last 2 or 3 years in trying to get passed through this Congress some legislation that would give us protection on the highways of the District of Columbia. I have been especially interested in the taxicab-liability legislation. I have been interested in this legislation for the protection it would give to our constituents, who come to Washington by the hundreds of thousands. That being my idea, and being for this legislation, I was very much surprised when I discovered such a provisions in this bill as is incorporated in this conference report. It has no business in this legislation. We are trying to protect our constituents as much as anything else, and here we are subjecting them to a racketeering business, as has been pointed out. It has been stated by the gentleman from Texas [Mr. BLANTON], in answer to a question, that a judgment would not be worth the paper it was written on outside of this District. Then what is the reason to put such a provision in the bill? It is just to scare some of our constituents.

Mr. PATMAN. Will the gentleman yield?

Mr. CARPENTER. I cannot yield now. It is for the purpose of scaring our constituents who visit Washington, that they must either come to Washington and stand suit or pay up little $250 claims mentioned by the gentleman from Iowa. It is like a farmer client of mine who came into my office one morning and said, "I am in trouble." I said, "What is the matter?" "Oh", he said, "here are some fellows who have been trying to collect a claim against me that I don't owe, and I am sued." I looked at the title of the paper he handed me and it had at the top, a collection agency versus John Smith. "First notice. If you do not come and pay us the sum so-and-so dollars we are going

to turn this over to an attorney." Then he showed me the second notice—the same thing; all titled up like a court action: "If you do not pay within 5 days our attorney is going to commence suit." This man thought he was sued. That is the only purpose of having this in the law. It is to scare our people out in our States and make them think they have been sued. That is the only good it can do.

Mention was made of the fact that it would protect a man in Illinois who was injured by a man from Ohio, who would come here to Washington instead of going to Ohio to bring suit. We know nothing like that would occur, although it has been pointed out that they might get a default judgment and take it to the county in which the man resides and put it on record, and he would have a cloud on the title to his home or his farm that would cause him to go to the expense of having it removed. Some of our constituents could travel through here and some racketeer get the number of their car or their name, and without any accident at all they could commence suit against our constituents and have everything on file because they were not here and did not know anything about it, and a judgment could be obtained against them. If there was any trouble about it, they could say they were mistaken in the identity. I do not believe this Congress would want to give racketeers such a chance at our constituents as that.

Mr. PATMAN. Will the gentleman yield?

Mr. CARPENTER. I yield.

Mr. PATMAN. I would state to the gentleman that the Supreme Court of the United States has held this service good. The United States Supreme Court has held that the very minute you come into the jurisdiction of a city or the District of Columbia, when there is a law like this, you at that time come under the jurisdiction of that law. You make yourself liable to the jurisdiction.

Mr. CARPENTER. If the Supreme Court has rendered any such decision holding such service valid personal service on which to rest a valid judgment by default collectible in a State other than the one having such a law, that is all the more reason why such a law should not be enacted in the District of Columbia.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, in the consideration of the conference report pending before the House it seems to me we have lost sight of the most fundamental of all principles involved in this legislation. I think it can be stated best simply by saying that if my people from Illinois, or TOM FORD's people from California, or the constituents of any Member of Congress come to Washington, that fact does not give them any special rights in the District of Columbia; they are not entitled to anything more than any other citizen is entitled to under the law; and that is all this bill seeks to do insofar as other States are concerned. If a citizen of the District of Columbia goes across the line into Maryland and runs into somebody, the Maryland law recites that the Secretary of State by virtue of the fact that the person has driven into that State becomes his agent for purpose of service of process. So they serve process on the Secretary of State and then by registered mail serve it upon the person in question for the purpose of determining the equities in the suit. Is there anything unfair about that? Is there a single Member of this House who wants to arrogate to himself the right for his constituents to come to the District of Columbia, have an automobile accident, beat the motor cops or the sheriff or anybody else to the State line and then say, "Good-bye; I am outside the jurisdiction of the District of Columbia"? Certainly you are not asking for that sort of thing for your constituents; I would not. That is what we are doing in this bill. When somebody living outside the District comes into the District, and by a motor vehicle does injury to a resident or the property of a resident of the District of Columbia, this bill says that the Director of Safety shall become the agent of the nonresident for the purpose of service of process. The language then goes on to state that service must be had by registered mail on the defendant; and there is a third provision which requires the plaintiff to put up a bond sufficient to cover court costs, prospective attorneys' fees, travel costs, and all that sort of thing before an action will lie. The amount of the bond is determined by the court. There is not a chance of a default judgment being taken. It is simply an effort to render justice. It is the general experience that due to the increased use of the automobile and people going everywhere throughout the United States, that if an automobile accident happens, unscrupulous persons make for the State line just as quickly as they can. It is not a question revolving around some abstruse, technical, legal point; it is a question of control over those who inflict injuries upon citizens of other States by the negligent or careless use of their motor vehicles. This is the all-important thing. Is it not right that a person living in some other jurisdiction who comes into the District of Columbia and inflicts an injury through the use of his motor vehicle should be made to pay the cost or make some restitution for the damage he inflicts instead of requiring that the injured party journey to California, Illinois, Oklahoma, or some distant State to seek restitution? That is all this bill seeks to do.

So far as racketeering is concerned, I have seen no indication of it in the 34 States whose motor-vehicle responsibility laws contain almost this identical language. You will find it in Illinois, in Iowa, in Michigan, in Pennsylvania, and other States. Surely, if there had been any abuses they would have been exposed long before now. As time goes on, this measure will be adopted in every State of the Union. There will then be complete equality of residents of the District of Columbia with citizens of all States. So I repeat, all this measure seeks to do is to put the District of Columbia upon the same legal, equitable basis as the other States now having similar legislation; and I am asking the Members this afternoon to approve this conference report because this is a good measure and should become a law. The conference report should be approved. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, when this bill passed the House last session it had this identical provision in it. Not a voice was raised against it in the House, not one. It was recognized then as a just provision.

When again in this session the House recently passed this bill I was one of those who voted for the amendment of the gentleman from Oklahoma [Mr. NICHOLS], which struck out this provision; but afterward I looked more closely into the matter and found that the law of the State of Oklahoma has this same provision in it, although in Oklahoma no bond is required. If a person from Maine or California has an automobile accident in the gentleman's State of Oklahoma, the out-of-town person can be served by registered mail, with no bond put up to protect him. I ask the gentleman from Oklahoma if this is not so?

Mr. NICHOLS. I do not know; I am not dealing with the State of Oklahoma now; I am dealing with legislation for the District of Columbia. Now, will the gentleman from Texas yield that I may ask him a question?

Mr. BLANTON. Certainly.

Mr. NICHOLS. Just because Oklahoma has some silly laws, would the gentleman seek to have them incorporated as part of the law of the District of Columbia?

Mr. BLANTON. If good, yes; if bad, no. The provision under discussion is good, though; and I will tell you why: Every day in Washington thousands of cars from the 48 States are running on the streets. The gentleman would be surprised to know how many of the foreign cars come from Maryland and Virginia, 10 miles away, to Washington. A very large percent of the motor-vehicle accidents last year, I understand, were caused by Maryland and Virginia cars owned by people living just across the District line.

Why, many of your constituents are here in cars and will be here constantly during the summer. Do you not want to afford them some protection? What right has a person to come to Washington, drive recklessly and cause damage,

and then not answer for it? Should anyone from Texas come here to Washington and run into somebody in a reckless manner and cause him to be damaged I want him to stand up like a man and answer for it, and take his medicine, and the same with the constituents of the other Members here.

Why should we not afford protection to Washington people in this matter? Do we want them injured without redress? It is not only the Washington people that will be protected, but your constituents as well, who are visiting in Washington, for they may be injured by other foreign cars. We have people from Texas in Washington this very minute, and a number are from my district. They traveled up here in their automobiles. They are stopping at the hotels and in the tourist camps. There are a number of automobiles from many of the other States here right now. Suppose someone from Maryland or Virginia runs into a car of a constituent of yours in Washington, should they not have some redress? The constituents from your respective towns should have some redress if a car from Virginia or Maryland runs into them here.

Mr. PARKS. Will the gentleman yield?

Mr. BLANTON. I yield to the distinguished gentleman from Arkansas.

Mr. PARKS. How would it be any easier for the gentleman's constituents to bring suit in Washington than go across the river and bring suit?

Mr. BLANTON. This would be where the collision happened. The gentleman from Arkansas is a distinguished lawyer. He used to be one of the finest prosecuting attorneys in his State. The gentleman knows he has a law right now in Arkansas which is a facsimile of the law of Texas that if an accident occurs anywhere in the State the wrongdoer can be sued either at the place where the accident occurred or in his home, even though the place of injury may be clear across the State from where he lives.

Mr. PARKS. Yes; but he cannot get personal judgment unless personal service is obtained. He cannot go to Abilene, Tex., and get judgment unless he has obtained personal service.

Mr. BLANTON. The gentleman is too good a lawyer not to know that a personal judgment here in Washington on that kind of a service against a constituent in Arkansas would not be worth a 1-cent postage stamp. So, why worry?

Mr. PARKS. That is exactly the way I think about the matter.

Mr. BLANTON. We ought, however, to give the protection of this provision to the people in Washington who have to stay here, for it will be a deterrent. Do the Members realize that there are over 95,000 Government workers here in Washington who have to stay here and face these collisions? They are entitled to the protection given them by this conference report and this law.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I take these few minutes to call attention of the Members of the House to the fact that this is not what might be termed strictly a "District bill." This was not suggested by the people of the District of Columbia. It is in the nature of a general automobile law that is sought to be enacted uniformly throughout the United States, 34 States having already enacted it. It is a model law of the country. In this act there is more restriction and protection for the outsider than there is in the law of any other State. This has to do with the requirement of a bond.

Mention has been made of the racketeering business. May I say to the gentlemen who have brought that question up that their respective States, or some of them, have adopted the law? Did those gentlemen consider the law a racketeering matter against the residents out of those States. I say, if they consider this law a racketeering business, then their respective States that have adopted this law have gone into the racketeering business against you, me, and everyone else.

This law is for the protection of the Members of Congress and their families. If a man from the State of California, for instance, happens to kill someone in the District, who may be a Member of the House, it is necessary to go into other States in order to get service.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The question was taken; and on a division (demanded by Mr. NICHOLS) there were—ayes 83, noes 48.

Mr. NICHOLS. Mr. Speaker, I make the point there is no quorum present and object to the vote for that reason.

The SPEAKER. Evidently there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 201, nays 128, not voting 102, as follows:

[Roll no. 61]

YEAS—201

Allen	Darrow	Jenkins, Ohio	Ramspeck
Andresen	Dear	Johnson, W. Va.	Randolph
Andrew, Mass.	Deen	Kahn	Ransley
Andrews, N. Y.	Delaney	Kee	Reed, Ill.
Arends	Dies	Kelly	Reed, N. Y.
Ashbrook	Dingell	Kinzer	Reilly
Bacharach	Dirksen	Knutson	Robinson, Utah
Bacon	Ditter	Kopplemann	Robsion, Ky.
Beiter	Dobbins	Lambeth	Rogers, Mass.
Biermann	Dockweiler	Lehlbach	Rudd
Binderup	Dondero	Lewis, Colo.	Russell
Blackney	Dorsey	Luckey	Ryan
Bland	Driscoll	Ludlow	Sanders, La.
Blanton	Duffy, N. Y.	Lundeen	Schulte
Boland	Dunn, Pa.	McCormack	Scrugham
Bolton	Eaton	McFarlane	Shanley
Boylan	Eckert	McGrath	Sirovich
Brennan	Eicher	McKeough	Smith, Conn.
Brewster	Ekwall	McLaughlin	Smith, W. Va.
Brooks	Engel	McLeod	Snell
Brown, Mich.	Englebright	McSwain	Spence
Brunner	Evans	Maas	Steagall
Buchanan	Fenerty	Maloney	Stefan
Buckbee	Fitzpatrick	Mansfield	Stewart
Burnham	Flannagan	Mapes	Sullivan
Caldwell	Fletcher	Marshall	Sumners, Tex.
Carter	Ford, Calif.	Martin, Colo.	Sweeney
Cary	Fulmer	May	Taber
Casey	Gearhart	Mead	Taylor, Colo.
Cavicchia	Gifford	Merritt, Conn.	Thom
Chandler	Gildea	Merritt, N. Y.	Thomason
Chapman	Gillette	Michener	Thurston
Christianson	Goodwin	Millard	Tinkham
Church	Gray, Ind.	Montet	Tonry
Citron	Green	Moran	Treadway
Claiborne	Greenwood	Moritz	Turpin
Coffee	Gwynne	Mott	Vinson, Ky.
Cole, Md.	Hancock, N. Y.	Norton	Waligren
Cole, N. Y.	Hancock, N. C.	O'Connell	Warren
Connery	Hart	O'Day	Weaver
Cooper, Tenn.	Healey	O'Leary	Welch
Costello	Hess	O'Neal	Whittington
Cox	Hill, Knute	Palmisano	Wigglesworth
Crawford	Hill, Samuel B.	Patman	Wilcox
Crosby	Hoffman	Pearson	Wilson, Pa.
Cross, Tex.	Hollister	Pittenger	Wolcott
Crosser, Ohio	Holmes	Plumley	Wolfenden
Crowe	Hook	Polk	Zioncheck
Cullen	Igoe	Powers	
Cummings	Jacobsen	Rabaut	
Darden	Jenckes, Ind.	Ramsay	

NAYS—128

Amlie	Frey	Lord	Sandlin
Arnold	Fuller	McAndrews	Sauthoff
Ayers	Gassaway	McClellan	Schaefer
Bell	Gehrmann	McGehee	Schneider
Boileau	Gilchrist	McGroarty	Scott
Brown, Ga.	Gingery	McMillan	Sears
Buck	Goldsborough	Mason	Secrest
Buckler, Minn.	Greever	Massingale	Sisson
Bulwinkle	Gregory	Maverick	Smith, Va.
Burdick	Haines	Miller	Snyder
Carlson	Halleck	Mitchell, Ill.	South
Carpenter	Higgins, Mass.	Mitchell, Tenn.	Stack
Castellow	Hildebrandt	Monaghan	Stubbs
Colden	Hoeppel	Nelson	Sutphin
Collins	Hope	Nichols	Tarver
Colmer	Houston	O'Connor	Taylor, S. C.
Dempsey	Hull	Owen	Taylor, Tenn.
Dietrich	Johnson, Okla.	Parks	Terry
Doughton	Johnson, Tex.	Parsons	Thompson
Doxey	Kenney	Patterson	Truax
Drewry	Kerr	Peterson, Fla.	Turner
Driver	Kimball	Peterson, Ga.	Umstead
Duffey, Ohio	Kleberg	Pierce	Utterback
Duncan	Kloeb	Quinn	Vinson, Ga.
Dunn, Miss.	Kniffin	Rankin	Walter
Eagle	Kocialkowski	Reece	Wearin
Edmiston	Kramer	Richards	Whelchel
Faddis	Lambertson	Richardson	White
Farley	Lanham	Robertson	Williams
Ferguson	Larrabee	Rogers, Okla.	Woodrum
Fiesinger	Lea, Calif.	Romjue	Young
Ford, Miss.	Lesinski	Sanders, Tex.	Zimmerman

NOT VOTING—102

Adair	Dickstein	Keller	Rayburn
Bankhead	Disney	Kennedy, Md.	Rich
Barden	Doutrich	Kennedy, N. Y.	Rogers, N. H.
Beam	Ellenbogen	Kvale	Sabath
Berlin	Fernandez	Lamneck	Sadowski
Bloom	Fish	Lee, Okla.	Schuetz
Boehne	Focht	Lemke	Seger
Buckley, N. Y.	Gambrill	Lewis, Md.	Shannon
Burch	Gasque	Lloyd	Short
Cannon, Mo.	Gavagan	Lucas	Smith, Wash.
Cannon, Wis.	Granfield	McLean	Somers, N. Y.
Carden	Gray, Pa.	McReynolds	Starnes
Carmichael	Greenway	Mahon	Thomas
Cartwright	Griswold	Marcantonio	Tobey
Celler	Guyer	Martin, Mass.	Tolan
Clark, Idaho	Hamlin	Meeks	Underwood
Clark, N. C.	Harlan	Montague	Wadsworth
Cochran	Harter	Murdock	Werner
Cooley	Hartley	O'Brien	West
Cooper, Ohio	Hennings	Oliver	Wilson, La.
Corning	Higgins, Conn.	O'Malley	Withrow
Cravens	Hill, Ala.	Patton	Wolverton
Crowther	Hobbs	Perkins	Wood
Culkin	Huddleston	Pettengill	Woodruff
Daly	Imhoff	Peyser	
DeRouen	Jones	Pfeifer	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Martin of Massachusetts (for) with Mr. Cartwright (against).

Until further notice:

Mr. Imhoff with Mr. Focht.
Mr. McReynolds with Mr. Higgins of Connecticut.
Mr. Hennings with Mr. Thomas.
Mr. Griswold with Mr. Wadsworth.
Mr. Dickstein with Mr. Hartley.
Mr. Cochran with Mr. Seger.
Mr. Ellenbogen with Mr. Fish.
Mr. DeRouen with Mr. Guyer.
Mr. Buckley with Mr. Perkins.
Mr. Schultz with Mr. Tobey.
Mr. Corning with Mr. Short.
Mr. Bloom with Mr. Woodruff.
Mr. Harlan with Mr. Culkin.
Mr. Bankhead with Mr. Withrow.
Mr. Granfield with Mr. Kvale.
Mr. Rogers of New Hampshire with Mr. Marcantonio.
Mr. Boehne with Mr. Cooper of Ohio.
Mr. Cannon of Missouri with Mr. Doutrich.
Mr. Burch with Mr. McLean.
Mr. Oliver with Mr. Rich.
Mr. Gavagan with Mr. Wolverton.
Mr. Disney with Mr. Lemke.
Mr. Huddleston with Mr. Crowther.
Mr. Jones with Mr. Pfeifer.
Mr. Fernandez with Mr. Starnes.
Mrs. Greenway with Mr. Lucas.
Mr. Adair with Mr. Tolan.
Mr. Gambrill with Mr. Meeks.
Mr. Sadowski with Mr. Celler.
Mr. Barden with Mr. Wood.
Mr. Kennedy of Maryland with Mr. Cravens.
Mr. Clark of North Carolina with Mr. Lee of Oklahoma.
Mr. Underwood with Mr. Carden.
Mr. Daly with Mr. Cooley.
Mr. Berlin with Mr. Lamneck.
Mr. Carmichael with Mr. Mahon.
Mr. Patman with Mr. Hill of Alabama.
Mr. Gasque with Mr. Kennedy of New York.
Mr. West with Mr. Smith of Washington.
Mr. Keller with Mr. Hobbs.
Mr. Wilson of Louisiana with Mr. Somers of New York.
Mr. Harter with Mr. Hamlin.
Mr. Werner with Mr. Rayburn.
Mr. Gray of Pennsylvania with Mr. Beam.
Mr. Sabath with Mr. O'Malley.
Mr. Pettengill with Mr. Lewis of Maryland.
Mr. Montague with Mr. Murdock.
Mr. Clark of Idaho with Mr. Lloyd.

Mr. LUCKEY and Mr. CHRISTIANSON changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

LEAVE OF ABSENCE

Mr. CARTER. Mr. Speaker, my colleague the gentleman from California [Mr. TOLAN] is absent on official business and will be absent from the Chamber until Thursday of this week.

BANKING ACT OF 1935

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that there may be printed in the Appendix of the RECORD a portion of the testimony of Dr. Walter Spahr, who appeared before the Committee on Banking and Currency to discuss the banking bill which is now pending in the House. Through an inadvertence a portion of Dr. Spahr's testimony was omitted, and I think simple justice to him requires that this action be taken, and also it is proper for the information of the House that his entire statement may be available.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert the following statement of Prof. Walter E. Spahr, professor of economics, New York University, New York City, before Committee on Banking and Currency of the House of Representatives on Wednesday, March 27, 1935, relating to H. R. 5357—H. R. 7617 not included in printed hearings on the above-numbered bill:

There are no circumstances calling for legislation dealing with the fundamentals of the Federal Reserve System at this time. Legislation of this type should not be undertaken until after a commission of competent experts has made a thorough study of the money and banking problems of this country, and on the basis of adequate evidence and after careful deliberations, has drafted a plan which offers real promise of providing this country with appropriate and workable money and banking systems. Both systems have suffered sad mutilation in recent years, and what is needed now is careful and deliberate overhauling and reconstruction rather than further mutilation and distortion such as will result if title II of this bill is passed under the administrative whip and in the atmosphere of tense emotionalism now prevailing with respect to our money and banking problems.

It is very important that there be no legislation at this time beyond that necessary to correct technical difficulties or to remove crude inconsistencies in existing laws. And even this type of legislation should be undertaken only upon the recommendation of the Federal Reserve Board and in strict accord with specific proposals drafted by the Board.

The Senate and House Committees on Banking and Currency, I think, could perform no better service at this time, with respect to the proposed legislation, as embodied in this bill—S. 1715 and H. R. 5357—than to refuse to vote it out of committee and to substitute in its stead a bill of technical corrections embodying the recommendations of the Federal Reserve Board on specific difficulties.

At the same time a joint resolution should be prepared providing for the creation of a national commission on money and banking to gather evidence on our money and banking problems, and to draft bills to provide this country with the proper type of money and banking systems. This commission, I believe, should be composed of leading money and banking authorities of this country. Its membership might well be composed of: First, those Members of the Senate and House Committees on Banking and Currency who have devoted years to the study of problems of money and banking; second, the most outstanding and experienced professors of money and banking in our leading universities, men whose reputation, intellectual integrity, and capacity are beyond question; third, outstanding bankers who are men of experience, maturity, and social vision; and, fourth, other students of money and banking, drawn from other fields of activity, if they are recognized as thorough students of money and banking problems.

The delay in legislation which would result from the adoption of such a program is eminently desirable. Money and banking mechanisms are probably the most delicate and, at the same time, most vital of all instrumentalities in our economic system; and it is for this reason that hasty and ill-conceived legislation in such a field is very unwise and is to be deplored. In its stead there should be substituted legislation growing out of careful deliberation by our most competent experts.

Title II of the banking bill of 1935 is particularly dangerous, when viewed in its entirety, because it is a manifestation of the unsound philosophy held by some officials in this administration regarding the causal relationships existing between the supply of currency, on the one hand, and prices, recovery, and prosperity on the other. Involved in this false philosophy are also misconceptions as to, first, the proper functions of central banking systems, especially with respect to the appropriate relation between a nation's central banking system and governmental financing; second, the appropriate functions and powers of the central banks with respect to the control of the money and credit supply; and, above all, third, the appropriate relationship between the Government, acting in its supervisory capacity, and a properly constituted central banking system.

These false notions and misconceptions show themselves clearly in those sections of title II which will enable the party in power—I mean any party in power, of course—to control completely the personnel of the Federal Reserve Board. They are revealed in those sections which will enable this politically controlled Board to attempt to put into effect the theories of money and credit control held by many of those in power. They are seen in those sections of the bill which will enable the Government to force the central and commercial banking structure to aid the Government in carrying out the fiscal policies regardless of their wisdom, to give Government credit an artificially high rating, and to use the

banking system and people's savings without their approval and regardless of the effect upon commerce, agriculture, and industry.

In short, nearly all the fundamental conceptions regarding the appropriate functions, the methods of operation of a well-conceived central banking system, and the proper relation of the Government to such a banking system, are false, are contrary to the most outstanding lessons learned from central banking experiences, are dangerous, and are almost certain to lead to great trouble in the future.

The following analysis of the various sections of title II of the banking bill of 1935 support the accuracy of the preceding general observations.

Section 201 (a) provides the means by which the board of directors of each Federal Reserve bank will be brought under the control of the Federal Reserve Board, which in turn will be politically controlled. This means of control is found in the fact that the governor and vice governor of each Federal Reserve bank can be appointed only with the approval of the Federal Reserve Board.

The governor and vice governor can come from any district. In this manner the Federal Reserve Board can inflict any outsider on a Federal Reserve bank as governor or vice governor.

Since the governor and vice governor are approved by the Federal Reserve Board, and since two other class C directors, other than the governor, are representatives of the Federal Reserve Board, the Government can have four representatives as against the present three, since the vice governor need not be appointed a class C director. Why the office of deputy chairman is not combined with that of the vice governor is not clear unless the purpose be to enlarge the number of Government representatives on the board of directors of each Federal Reserve bank.

It is to be noticed also that "all other officers and employees of the bank shall be directly responsible" to the governor of the board of directors. This gives him the powers of a czar, and through him the politically controlled Federal Reserve Board can reach directly and arbitrarily down to every employee in every Federal Reserve bank. This means, of course, that the political authorities can reach any employee they please. In this manner every employee of every Federal Reserve bank will lose his independence and become, like the Federal Reserve Board, an unwilling vassal of the political party in power. Classes A and B directors will carry no weight under such a system, since the governor of each Federal Reserve bank is given this authority and is a Government agent.

Today the elected governors of the Federal Reserve banks are chairmen of the executive committees and, in this manner, they have increased their powers as against the chairman-Federal Reserve agent. This bill makes a Government agent chairman of the executive committee, and thus the Government worms its way into the direct operation of each Federal Reserve bank.

The slightest reflection upon such a proposed arrangement should convince one that all activities of each Federal Reserve bank can be brought under the absolute control and domination of the political party in power. These governors and vice governors may be as arbitrary as they please, so long as they satisfy the politically controlled Federal Reserve Board. In this manner the political party in power can lay its rough hands on the Federal Reserve banks, which the Government does not own, but which are owned by the member banks that, in turn, are owned largely by private individuals.

Such an arrangement provides conclusive evidence of the intent of the present party in power to extend its political tentacles over the banking system. In this case it is attempting to lay hold of one of the most delicate and most vital agencies of our economic system, an agency that must be free from such domination if our economic system and our people in it are to maintain any appreciable amount of their traditional freedom. When a nation's banking system passes into control of the political party in power, the freedom of a people can speedily disappear. And certainly there is no reason to expect that better banking can or will result from any such proposal as this one in section 201 (e) of this bill.

It is to be observed that one of the class C directors shall be appointed deputy chairman of the board of directors, and that the vice governor may be appointed a class C director. It is because of this word "may" that the Federal Reserve Board may have four representatives on the board of directors of each Federal Reserve bank.

The duties now performed by the Federal Reserve agent "shall be performed by such person as the Federal Reserve Board shall designate." This provides the Reserve Board with another representative at each Federal Reserve bank. In this manner it can have five agents there at the Federal Reserve bank.

The last paragraph of section 201 (a), on page 40, lines 17 to 22, permitting the present incumbents of the boards of directors to serve out their terms would seem to require a modification of the parts of the bill which provide that this section shall be effective 90 days after enactment.

Section 202 is one of those coaxing, half-hearted measures by which attempts are made to persuade nonmember banks to become members of the Federal Reserve System. Our statute books are cluttered up with these conciliatory provisions in law. That particular provision merely lowers still further the capital requirements of banks which may enter the System. At present the capital requirements are too low. And if it is believed that nonmember banks should be members of the System, then the Federal Reserve Act should be amended so as to provide that all banks should, after a certain date, be members of the System. If the capital requirements of some of the banks are too small, such banks should be made branches of larger member banks. But all legislation of this type probably should be left until a competent money and banking commission makes its report.

Section 203 provides the means by which the Federal Reserve Board is to be made into a politically controlled and dominated agent of the President. Lines 1 to 3, page 42, of section 203 (1), are probably the worst, if not the most subtle in the bill. They provide that the President "shall choose persons well qualified by education or experience or both to participate in the formulation of national economic and monetary policies." It will be noticed that these members of the Board are to be qualified to participate in the formulation of national economic policies as well as monetary policies. Does this mean that they are to participate in the formulation of national economic policies? If this sentence means what it appears to mean, then this Board will become a part of the planning bureaucracy of the Government, and the Federal Reserve System can become, and can be made to become, the financial agent of the Government in carrying out its planning policies. It can be made an engine of oppression, rather than a neutral agent to finance commerce, agriculture, and industry.

This section of the bill is either subtle or stupid. In any case, it is dangerous. It reveals how far removed its drafters are, in their notions of how to constitute a central bank board, from those who would profit from experience.

Section 203 (2) provides a means by which Mr. Hamlin may retire at once and Messrs. Miller and James in 1936, thus removing from the Board in a very short time, even if more arbitrary methods are not used, its three most experienced members. If this provision is to be enacted into law it would seem that it should be so amended that all ex-members of the Board would become ex-officio members of some advisory body, such as the Federal Advisory Council, in order that the benefits of the knowledge and experience of such men are not lost to the younger members of the Board. Such an arrangement could be an effective factor in developing fine traditions in central banking.

Lines 17 to 25, on page 42, are awkward and confusing. Lines 17 to 22 say literally that "each member of the Board so retired from active service who shall have served for at least 5 years shall receive, during the remainder of his life, retirement pay in an amount equal to the annual salary paid" now. Thus he would receive a total pension of $12,000 for the rest of his life, if you take those words literally. How much will he be paid the first year of retirement? Or is he to be paid $12,000 in a lump sum? This sentence probably was intended to give the retired members, who have reached 70 years of age and who have served 5 or more years, an annual pension based upon the years served, the yearly amount to be determined by the number of years served multiplied by $1,000; but the bill certainly does not make this point clear.

According to the first proviso, a person who has served, say, 8 years, will receive $8,000 per year, and if he lives 3 years thereafter he will receive $24,000 in a pension, whereas lines 17 to 22 preceding the proviso would give him only $12,000, regardless of how long he lived.

This proviso also omits the 5-year minimum, and, in line 25, the word "served" apparently should be inserted after the third word, "year." The entire section is badly muddled, and it should be rewritten and made to say what the authors intended that it should say.

Nor is the second proviso, on page 43, clear or sufficiently specific in its meaning. Furthermore, it is to be noted that, according to section 203 (3), every governor appointed and removed will come in for this pension if he is 65 years of age, since he shall be deemed to have served the full term for which he was appointed, even though he may have served only 1 month or even 1 day. What a great opportunity this provides a President to place his friends on a fine pension for life. In 30 days he could give 30 of his friends who had reached 65 years of age a $12,000 pension for life. In 4 years he could develop a large pension list, all to be paid by the Federal Reserve banks. The vice governor apparently can have his term of service terminated by the President without the benefit of it being deemed that he served his full term. It would appear that no member of the board could afford to accept the office of vice governor.

This section 203 (3) reveals clearly the method by which a President can change the Board's personnel within the space of a week to suit his particular wishes. It would be difficult to conceive of a more dangerous provision written into any central banking law. It reveals beyond the shadow of a doubt the purpose of the authors of this measure. They propose to convert the Federal Reserve System into a political instrumentality of the party in power. This section of the bill reflects clearly the authors' motives and concepts regarding central banking. It shows that they stand ready to destroy our Federal Reserve System, which we have tried to evolve into a useful system over a period of 20 years.

If every other section of the bill and of the Federal Reserve Act, as amended by the bill, were perfect, the System still could be destroyed and the bill still would be dangerous. Considering the dangers in sections 201 and 203 of this bill, the possibilities of dangers in the other sections of title II are accentuated. For this reason there are many today who oppose other sections of title II principally because they would be administered by a politically controlled Federal Reserve Board.

The answer to this proposed amendment to the Federal Reserve Act is that it must not be permitted to pass. The lessons of central banking teach that the farther the central banking administrative authorities are removed from political domination,

the better for the country concerned. The independence of the Federal Reserve Board should be strengthened, and not weakened, and our Federal Reserve System will not be what it should be until this is accomplished.

There are various ways in which this can be done. Indeed, there are so many devices available that it would be absurd for anyone to insist that he can suggest the best one. My contention is that our lessons have taught us that our Federal Reserve Board has not been sufficiently independent of the Government and that the method of nomination and final selection should be so changed as to remove the Board as far from political control as is the United States Supreme Court.

Of course, every central banking system must come under the control of the Government in some degree; but this control should be exercised through the passage of the proper organic act providing for the proper type of banking system and administrative boards, after which the Government should leave the system to operate, free from partisan politics, within the limits of the organic act. As the Board is reconstituted and strengthened after a careful study of the problem by our best experts, I should like to see the Secretary of the Treasury removed from the Board, though I think he should be a nonvoting auditor or participant in the Board's discussion; and I should like to see the office and functions of the Comptroller of the Currency absorbed by the Board.

Everything that any central banking system can be expected to accomplish can be written into the organic banking act, and thereafter the administration of the system should be left to independent nonpolitical administrative bodies.

Section 204 appears to be free from criticism.

Section 205, creating a new type of Federal open market committee, might have many virtues if the Federal Reserve Board were a properly constituted independent board. But considering how the Board is to be politically controlled, this section of the bill merely provides additional means by which the Government can extend its powers over the activities of the Federal Reserve banks.

Government financing, in the final analysis, should be looked upon as an intrusion into, and a disturbing factor in, the fields of private finance. And, if a well ordered central banking system performs its functions properly, there will be many times in which it must and should go into the open money markets to combat the effects of Government financing.

It is not the function of a central banking system to give Government credit a higher rating than it would otherwise have in the open money markets to which non-Government borrowers and lenders must go. It is the function of all commercial banks to give borrowers the exact credit rating to which they are entitled, and it is the function of these banks and the central banking authorities to give Government borrowers exactly the same type of credit rating. To assume that Government credit should be given an artificially high value by a central banking system is to assume that it is the function of a central banking system to inflate the currency.

This section 205 recognizes no such principle of central banking and opens the way by which the banking system can be made to absorb Government securities on terms satisfactory to the Government and is, for this reason, unsound in principle. The section provides the means by which the Government can compel open market operations to suit its particular notions and purposes, regardless of the needs of commerce, agriculture, and industry, and regardless of any principles of sound central banking.

All five members of the Federal open market committee are to be Government agents. The fact that two of the members are to be selected from the governors of the Reserve banks by the governors does not change this fact, since all these governors will be Government agents.

This committee is also given the power to make recommendations to the Federal Reserve Board from time to time regarding the discount rates of the Federal Reserve banks. It may be presumed that giving this committee this power has no particular significance unless it be assumed that the Reserve Board exercises the power of prescribing discount rates for the Reserve banks. It would seem preferable that the present method of having rates initiated by the respective Reserve banks subject to the approval of the Board, is preferable. But if the Reserve Board were properly constituted and independent of political influences, I should advocate that the Board be given the power not only to review discount rates but to institute the rates when a Federal Reserve bank is clearly running counter to sound national banking policies.

Section 206, which opens the way for discounting any commercial, agricultural, or industrial paper and for advances secured by any sound assets of such member bank, seems to be tacked onto the preceding parts of section 13 of the Federal Reserve Act without any regard to how it affects the preceding paragraphs of that section. It would appear that most of the preceding paragraphs are nullified. Just what the law is would be difficult to determine. It reveals a hasty and careless type of bill drafting.

It is doubtful whether, under the best type of central banking system, such a provision can be defended. It would seem that under such a system this wide-open provision should be reserved for emergencies.

Under a politically dominated system of central banking, as provided by this bill, section 206 provides the means by which the Reserve Board can admit to the portfolios of the Federal Reserve banks any kind of paper, regardless of its illiquidity, and fix the maturity of the paper at any distant date it chooses to adopt.

Since it is not the function of a central banking system to accept illiquid paper, the proper restrictions against such acceptance should be set up. Wise exceptions to meet emergencies can be provided and the proper penalties and handicaps attached, so that emergency transactions will not become the normal ones. This section, as it stands, is unsound and unwise.

Section 207 provides the means by which the Federal Reserve banks can be compelled to absorb Government securities, regardless of maturities. In this manner, the Reserve banks can become gorged with Government securities with long maturities and consequently can become very illiquid. Under a properly organized Federal Reserve Board, and with other appropriate administrative machinery, such a provision might be safe enough, but under the system provided in this bill, this section adds another dangerous provision to the Federal Reserve Act.

Section 208 (1) provides the means by which Federal Reserve notes are to be issued against the general assets of the Reserve banks in addition to requiring the 40-percent reserve of gold certificates. If these assets were liquid, this provision would not be objectionable, but since the way it is opened by this bill for admitting all kinds of illiquid paper to the portfolios of the Reserve banks, this section provides the way for converting illiquid assets into legal-tender paper money. This, of course, means inflation and is unsound in principle.

Then the question may be raised as to why the Federal Reserve notes are made legal tender for all purposes? When a money is legal tender for all purposes it can be used to pay all debts, public and private. This means, literally, that these notes could be used for lawful reserves and could be used to redeem any other currency. Is it intended that these notes shall be lawful money for reserve purposes, thus converting a liability into an asset? This, of course, is not a rational procedure, and yet this is what lines 22 and 23, page 46, really provide.

In contradiction to this, lines 24 and 25 exclude these notes from the lawful money for reserve purposes in the Federal Reserve banks. This means that the Federal Reserve notes are not permitted to fulfill their functions as full legal-tender money. The two provisions are in direct conflict and should make clear the fact that it is irrational to attempt to make Federal Reserve notes full legal tender.

This section provides, in lines 8 to 10, page 47, that the Treasurer of the United States shall cancel and retire unfit Federal Reserve notes coming from a source other than a Federal Reserve bank, but it does not specify or provide any fund for such retirement. The last sentence of this section, lines 10 to 12, page 48, provides that notes unfit for circulation shall be returned by the Reserve banks to the Comptroller of the Currency for cancelation and destruction. Just why both the Comptroller of the Currency and the Treasurer of the United States should be involved in canceling unfit notes is not clear.

This bill abolishes the 5-percent redemption fund with the Treasurer of the United States. It also permits one Reserve bank to pay out the Reserve notes of other Reserve banks without any penalties, and in this manner one of the factors forcing a retirement of these notes is removed. There appears to be no good reason for repealing either of these prevailing requirements. The omission of the latter requirement merely serves as another means of inviting a looser type of banking. The omission of the redemption fund may be due to careless bill drafting.

Section 208 (2) reveals careless bill drafting in the fact that care was not taken to strike out all words which should be deleted. For example, in the second line following the last deletion the words "or subtreasuries" appear again and are permitted to stand by this repealing section.

Section 209, which permits the Federal Reserve Board to change the reserve requirements of the Reserve banks as they see fit, is a dangerous weapon to put into the hands of a politically dominated Board. The preceding sections of title II of this bill, combined with this section, make it possible for the Board to pack Government securities and other illiquid paper into the portfolios of the Federal Reserve banks until the surplus reserves are exhausted, and then the reserve requirements of member banks can be reduced, thus permitting the Board and banks to proceed with their inflation without let or hindrance. The provision that the reserve required of these banks may be changed "in order to prevent injurious credit expansion or contraction" is merely the statement of a pious hope. It would mean nothing in the hands of a politically controlled Reserve Board.

Section 210, stipulating conditions under which member banks may lend on real estate, flies in the face of all practical experience with such loans by commercial banks. Provisions for such loans should be restricted, not enlarged. To raise the percentage of the value of the property for lending purposes from 50 to 60 percent is unwise, as is the 75-percent provision for loans amortized within 20 years. To raise the limits of such investments from 50 to 60 percent of time and savings deposits and from 25 to 100 percent of the bank's capital and surplus is a brazen denial of the value of our past experiences with such loans.

In lines 13 to 18, page 50, in which the real-estate loans are insured by the provisions of title II of the National Housing Act, all restrictions appear to be removed. The answer to this is that in sound commercial banking the question of the proper type of loans is not one of insurance and ultimate liquidation, but one of maturity and immediate liquidity.

Thus we see in title II of this bill a multitude of illustrations of the dangerous banking philosophy held by the advocates and authors of this bill. It must not be passed. It is extremely dangerous. The conceptions underlying it run counter to the best

opinion on central banking. If I may say it in that connection, I would like to remind the committee that 66 of the leading monetary economists of this country—men with established reputations on that particular thing—came out in support of this contention I have just made. I should be glad to submit a list of those people to the committee.

The bill is another, and probably the most brazen, daring, and dangerous, attempt of politically minded planners to increase their destructive and devastating hold on business enterprise in this country. There are no sound defenses that can be offered for the bill. If its advocates insist that they have the welfare of this Nation at heart, let them prove it by submitting the bill to a national commission of experts for analysis.

The authors of this bill would not risk such an analysis. What they want is not better central banking, but more political banking by political planners. They want to build a bigger and better political machine. Professions to the contrary are annihilated by the sections of this bill which provide the means desired by the political planners, and which are in harmony with the immature and muddled notions regarding principles of money and banking expressed from time to time by the chief backers of the type of proposals incorporated in this bill.

No person well trained in the principles of money and banking could examine the theories set forth by the present acting Governor of the Federal Reserve Board in his testimony before the Senate Committee on Finance in its investigation of economic problems in February 1933, without preceiving the dangers in this bill and the dangers in having our Federal Reserve System, as amended by this bill, administered by an official holding such views. In that testimony is revealed a confusion of understanding as to the causal relationship between the currency supply and a sound business recovery; in that testimony the currency is held responsible for conditions which can only be traced properly to the maladjustments created by the World War. There is advocacy of the issue of fiat money, of currency manipulation to raise the price level artificially, and it is even proposed that money be given away. There is revealed an appalling lack of understanding of the nature and consequences of inflation; more inflation is recommended to correct the difficulties caused by inflation. Economic planning is an obsession, and it is proposed to use the Federal Reserve System to make such planning effective.

These disconcerting facts are pointed out, and I say it with all deference, because this bill apparently has been drafted for the purpose of providing the means by which these unsound and dangerous theories of money and of banking and of currency control can be thrust upon the people of this Nation.

If this bill becomes law I believe only the most providential good luck will prevent this country from suffering severely as a consequence.

I firmly believe the best interests of the people of this Nation are served by registering as vigorously as one can his protests and objections to this bill. It was born in secrecy. No known or trusted experts attended its birth. Its parentage is hidden largely in obscurity and anonymity, although the Acting Governor of the Reserve Board, in his Columbus, Ohio, address of February 12, 1935, speaks of what "we propose" in referring to the changes provided by the bill. It reveals traits found in political and economic concepts alien to the best principles of central banking and the best traditions of the people of this Nation. It is an un-American, unsound creation that must never be permitted to find its way into our statute books.

OLD ST. PATRICK'S CHURCH, PITTSBURGH

Mr. MORITZ. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a radio talk delivered by myself.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORITZ. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address, on behalf of Old St. Patrick's Church in Pittsburgh, Pa., which I recently delivered over the radio:

My friends—and I consider you all my friends that are the friends of Father Cox—March 21 of this year was, indeed, a startling and tragic day for Pittsburgh, for it was on this day the church of St. Patrick, known as "Old St. Patrick's Church", burned down. It left its pastor, Reverend Father Cox, stranded. It left, indeed, an empty, gaping space, where once was a temple and edifice of generosity. Old St. Patrick's Church was, indeed, the heart and centerpiece of many humanitarian activities fostered by Father Cox. Just across the street from the church was the activity of "Shanty Town", which served as the happy sheltering place for the down-trodden and ignored members of society. These men are now happily lodged in the old Ralston School, but they still remain under the care and guidance of Father Cox. The parochial school is filled with the children of the slums, cared over and watched by the good Sisters of Mercy.

The old abandoned convent, which was attached to the church and which was utterly destroyed by the fire, proved, indeed, a loss to many homeless young men whom Father Cox permitted to use it as a home. Before the fire, a visitor, who by chance visited the site of old St. Patrick's would necessarily come to the conclusion that surely here was a haven of rest, a refuge for humanity. "This was, indeed", the visitor spontaneously exclaimed, "an island of refuge in a sea of misery." Who was responsible for this outstanding work? I dare say, without Father Cox old St. Patrick's would have been but another church. There would not have been that distinctive mark which characterized old St. Patrick's without his magnanimous personality. His works antedate by years the humanitarian acts of the new deal. Long before the new deal, when society knew little of the depression and nothing of financial adversity, Father Cox fed daily the unfortunate "down and outers", irrespective of creed or race until his finances prevented a continuation of this generosity. A huge deficit of $60,000 forbade him to continue God's work of feeding the hungry.

It was in the year of 1932 Father Cox led the march of 20,000 of the unemployed to Washington to ask for relief and received in answer a stone.

It was this same Father Cox who called the unemployed together and filled the numerous seats of the University of Pittsburgh Stadium as a protest to the then administration.

It was this same Father Cox who allowed himself to be drafted as a candidate for the Presidency of the United States. Not so much to win the office but to protest the lack of humanitarian efforts.

My friends, we are speaking about rebuilding a church. It was this same old St. Patrick's Church in which many prominent Pittsburghers have been baptized, received their first holy communion, entered into the bonds of matrimony, and, lastly, were buried with the last rites given at the foot of this altar. Is it any wonder that we have sentiment for a church? We have sentiment for any church of any denomination, because it is in church that the people get back to their Creator. Here was work carried on for man. Man, the greatest work of the Creator. To serve the wants of man for man's sake is the highest kind of religion. Man, with all his faults and virtues, after all, whether he be poor or rich, "is a man for all that." As Shakespeare so well expressed it, "What a piece of work is man; how noble in reason; how infinite in faculties; in form and moving, how express and admirable; in action, how like an angel; in apprehension, how like a god."

My dear friends, St. Paul expressed no truer words when he said, in effect, "If I have faith that would move mountains but had not charity, I would be but a tinkling cymbal and a sounding brass." As Christ Himself has said, the greatest commandment, after loving God, is loving our neighbor as well as ourselves. This has been exemplified by Father Cox by word and action ever since the day of his priesthood. Now he stands deserted in the midst of charred bricks and ruins, and the same generosity his big heart has shown he fails to receive from his friends.

Somewhere and somehow there necessarily must be an evening-up of returns on his dividends of charity, but I regret to say the dividends are slow in coming. The returns and the success for the rebuilding of old St. Patrick's Church look anything but cheerful. The words of Christ are surely appropriate when only 1 of the 10 lepers returned to thank him. Christ said, "were there not 10; where are the other 9?" I ask you where is the huge army of people, including politicians and candidates for many offices, who did not think it beneath their dignity to visit old St. Patrick's Church to procure his support. Where also is that huge army of sick and dejected, heart-broken, and discouraged populace who were granted many interviews and were dismissed with that fine spirit of a new life and renewed courage, which could only come from that sympathetic heart of Father Cox. Just last week I received a letter from a millionaire stating that he did not wish to serve as a member on the committee to rebuild old St. Patrick's Church. I replied that I think Pittsburgh appreciated the fact of his keeping his residence in Pittsburgh, and it is entirely his affair to whom he gives and to whom he refuses, but it strikes me if only 1 percent of the money he invested in art, which has no practical use, would be ample to fill the gap which misfortune thrust upon the slums of Pittsburgh.

My friends, I do not ask you for contributions, I simply ask those of you who have been the beneficiaries of this great "shepherd of the unfortunate" to now arise in ordinary decency and gratitude and come to the aid of one who can never refuse a request, whether it be for God's poor, the wealthy, or the politicians.

I call upon all lodges, unions, societies, and theaters to hold special affairs, called "Old St. Patrick's Nite", for the rebuilding of old St. Patrick's. I call upon the special friends of Father Cox, who might be compared to spokes of a wheel, which spokes meet at the hub, and this hub is Father Cox. He is, without doubt, one of the most popular clergymen in the country, because he works among God's favorite children—the poor and unfortunate.

As I stand afar and look at the bare ruins of the church—high brick walls surrounding a mass of tangled girders—I ask myself, "Is this the church where a few months before the crowds gathered from all over the city and county to worship God? Is this the same place and the same pulpit where Father Cox gave to the congregation and his unseen radio audience his great sermons?"

My friends, how queer it would be for Pittsburgh to be without its St. Patrick's. Then, indeed, would Penn Avenue and Liberty Avenue of the "Strip" be a "desolation of desolation", a slum without a guiding spirit. Pittsburgh must not be without this helping hand and old landmark of charity.

BANKING ACT OF 1935

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 205.

The Clerk read as follows:

House Resolution 205

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 7617, a bill to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 15 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, this rule is for the consideration of the banking bill. It is an open rule providing for 15 hours of general debate. We hope the debate will proceed with expedition and that the Committee will find orators up to 5 or 5:30 o'clock each day, so that general debate can be finished Wednesday or early on Thursday, in order that the consideration of the bill may be completed and the matter come to a final vote this week.

I reserve the balance of my time, Mr. Speaker.

Mr. RANSLEY. Mr. Speaker, I yield 20 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Speaker, I want to commend the Rules Committee for bringing this bill in under an open rule, so that all Members of the House may have an opportunity to suggest any amendments which they may care to offer; also for the granting of reasonably adequate time to discuss the highly important matters which are contained in the proposed legislation. Twice 15 hours would hardly be enough if the Members of the House really cared to go in detail into the many matters which are covered in this three-barreled bill.

A word of explanation here may very well be in order. Title I of the bill deals with the Federal Deposit Insurance Corporation, title II of the bill deals with basic changes in the Federal Reserve System, and title III contains a number of amendments, some minor and some perhaps of more importance to the general banking laws of the country.

In the time given me now I shall not try to discuss particular sections of the bill in detail. I know the distinguished chairman of the committee will take considerable time to explain the bill to the Members of the House minutely, and I beseech the Members of the House to stay on the floor and listen to the chairman so that they may be well apprised of what this bill contains, because the questions of currency, credit, and the general banking system are basic and fundamental to our well-being and are as complicated as any questions which this House will have to consider at this session of the Congress. It is very necessary that all Members of the House should, therefore, apprise themselves of what this bill contains in order that they may ultimately act intelligently when the measure comes to a final vote.

Title I of the bill will not be discussed by me at the present time. There is little objection to it in its present form. The same thing can be said of title III, but sandwiched between titles I and III is title II, which contains a philosophy with respect to our Federal Reserve System which heretofore has not been found in any of the banking legislation which this House has passed.

Most of you know the history of the original inception of the Federal Reserve System. At that time there was no central banking system in this country and had not been since the times of the First and Second Banks of the United States of somewhat unhappy memory. For some strange reason the people of this country have never been able to consider banking questions without dragging in politics at the same time, and the First Bank of the United States, which was put into operation in 1791, was embroiled in politics from its beginning. Its term ran out and was never renewed. The Second Bank of the United States, which went into operation in 1816, died when Andrew Jackson vetoed a renewal of its charter in the thirties, and when its 20-year term ran out in 1836 it also died. I am going into this to point out how unfortunate it has been that politics and banking have been tied together in this country.

Outside of these two United States Banks, there never was a real central banking system of any nature whatsoever in this country except that which was evolved by the banks themselves for their own particular needs, until the passage of the Federal Reserve Act in 1913. This act was the result of long and detailed study by various committees, and particularly the National Monetary Commission, which was appointed as a result of the Aldrich-Vreeland Act passed in 1908.

This committee was assisted very greatly by the National Citizens' League, and a number of the men who know most about the banking system of the country today were experts who assisted the National Citizens' League 25 years ago, when plans for the Federal Reserve Act were first made.

You all know that the Federal Reserve Act was finally passed under Woodrow Wilson. The Democratic Party has taken credit for the passage of the act, and the Republican Party has countered by saying that it drafted the preliminaries for the program.

To me such claims are wholly unimportant. It matters very little to me which party put the Reserve Act into existence. The important thing is whether or not we have a central banking system which is adequate for the banking needs of the country.

Now, a few words as to central banking generally, and do not think that I hold myself up as an expert on these matters. There are few real experts. I wish there were more around here. Most of us who sat morning and afternoon for weeks on the committee working on these problems have assimilated a little knowledge, and perhaps this little we may be able to pass on and may be of some value to Members of the House.

I want to point out that the Federal Reserve System is not a central bank in any sense of the word. It is, however, a central banking system which was evolved as a kind of compromise between those who felt that there should be complete Government control—a central bank of the Nation—and those who felt that any Government connection whatever with the banking system was a mistake.

The Federal Reserve System set up 12 regional banks wherein the banks had majority control. They were the stockholders and could elect two-thirds of the directors, the other one-third to be appointed by the Federal Reserve Board. The Federal Reserve Board was to be named by the President—named for a long term of 12 years, so there could be continuity and as little as possible of political influence brought to bear on the members.

It was felt that the Government should have some influence, should be at least in close advisory connection, so the Secretary of the Treasury was made a member of the Board, and so also was the Comptroller of the Currency, who is appointed for a 5-year term and therefore does not necessarily go out with the President.

In addition, the President was permitted to appoint one of the members of the Federal Reserve Board as the Governor of the Board, and one as Vice Governor. Thus, of the 8 members of the Federal Reserve Board, 6 are appointed for 12-year terms and 2 are Federal officials, and the dominant figure on the Board, the Governor, is also designated by the President. The Board is therefore, to a great extent, under the control of the President.

The Federal Reserve Board did not, however, at the beginning and never has had complete control over the Federal Reserve banks or complete control over the banks which constitute the Federal Reserve System. The Reserve banks are independent in their operations, and the Federal Reserve Board has merely supervisory power, and has also certain particular technical matters under its control.

In the time that I have to discuss this matter under the rule I shall not try to go into great detail on those technical matters where the Federal Reserve Board has its control and where it has not. I do want to point out, and point out as forcefully as I can, the essential changes which this bill tends to bring about in title II, because it is toward title II that I am directing my attention.

Title II gives first to the Federal Reserve Board greater control over the management of various Federal Reserve Banks than it has had in the past. It gives to the Executive somewhat greater control over the Federal Reserve Board itself than the Executive has had in the past. It gives to the Board much greater powers over the operation of Federal Reserve banks and over the whole credit system of the country than the board has had in the past. Those steps may be spelled out in detail, and I shall attempt to do this later when discussing the bill under general debate, pointing out that whereas each step by itself may not be a very radical departure from the existing situation, when you take the cumulative combination of four or five different steps and read them as a whole, you will realize very clearly how much greater Executive control will be placed over the credit resources of the country.

There are, in addition, certain liberalizations with respect to obligations that may be discounted with the Federal Reserve banks by the Federal Reserve member banks, much greater liberalization in the borrowings that the member banks may make from the Federal Reserve banks, and a greater liberalization in the amount of real estate which national banks may carry. While these matters do not bear on the chief objection to title II, which, in my opinion, is the further centralization of governmental control, they are nevertheless worthy of very deep consideration by the Members of this House before adoption.

One of the chief dangers which this bill brings about is the position in which it places the Government in its control over the Federal Reserve Board, of being able to compel the credit resources of this country to be applied to the acquisition of Government obligations. You all know today how many billions of Government obligations are held by Federal Reserve banks and the member banks. A very large proportion are now in the portfolios of the banks; in fact, such a proportion that most bankers dread the situation, most of them feeling that it is unwise and dangerous that the obligations of the Government should be held so generally by banks instead of being distributed among the people.

Let me say here something which is not generally understood, that under a proper credit policy the Government should sell its obligations in the open market, in the same way that private interests sell their obligations. There should be an open, free market by which the savings of the public can be invested in Government securities; in which those who have savings may decide whether they prefer a Government obligation with certain interest rates and with certain taxable provisions eliminated, or prefer to invest in private obligations. If the time ever comes that the Government is in a position to force upon an unwilling lot of buyers its own obligations against their will, then the time has come when the credit of the country is beginning to fall. Most of us know that the financing of continuing Government deficits by fiat money is the road to ruin. By "fiat money" is meant merely the printing of greenbacks, obligations behind which there is nothing but the promise of the Government. When the Government once starts to pump out such obligations and compels individuals to take currency of that nature instead of currency which has something behind it, either the Government is on the road to ruin or its people are, because it means ultimately a partial or total default, to the extent that the value of those obligations goes down and prices go up correspondingly.

If the Government, by compelling buyers to acquire Government obligations which bear interest, which are called "bonds", as distinguished from Government obligations bearing no interest, which are called "greenbacks", forces its promises on its people there is absolutely no difference in the procedure or the result. It is a compulsory process, and it means that the credit of the Government is gone; that the Government may no longer sell its obligations in the open market.

One of the chief objections to this bill is through the open-market provisions by which the Federal Reserve Board is given power to compel Federal Reserve banks to enter into open-market operations on the buying side. When that is once passed, then we have put into the control of the Federal Reserve Board a most dangerous instrument. We have reached the point then where, if sufficient Treasury control is exercised on the Federal Reserve Board, the Federal Reserve Board in turn may compel the Federal Reserve banks of the country, which, of course, have the reserves and the excess reserves of the various member banks in their vaults, to keep on buying and buying and buying Government obligations, even though all wise bankers and all careful economists would have served notice long before that the Government might not continue to issue obligations of the nature they are compelling the banks to acquire.

Now, this may seem far-fetched. You probably do not know that in no civilized democratic country today is there a central bank under government control. The Bank of England is frequently mentioned as a fine example of how banking operates in connection with the Government, and there are a great many people who believe that the Bank of England is a governmental bank. It is in no sense that. It is a private institution, under no Government control whatsoever, although admittedly cooperating thoroughly with the Government. It is because of this effectual, free cooperation between the Chancellor of the Exchequer and the governor of the Bank of England that England has been able through so many years to handle its finances as successfully as it has.

No one would resent quicker than the English people an attempt by the Government to exercise domination over the Bank of England. I could go into detail with reference to the central banking systems of the different countries, but let me point out in this connection that the two outstanding countries which today have banks entirely under Government domination are Italy and Russia; Italy, where the set-up is apparently a private one, but where by various edicts the Government has complete control; in Russia, where there is no pretext about its being a private banking system, but where the four banks are entirely controlled and operated by the Government. [Applause.]

A SUMMARY OF THE RELATIONS OF THE FEDERAL GOVERNMENT WITH BANKING IN THE UNITED STATES

The Continental Congress chartered the oldest bank in the United States, the Bank of North America, in 1781. The Congress, however, was uncertain of its power to create a bank, so the bank soon obtained a charter from the State of Pennsylvania, so that it might be assured of a legal existence. Robert Morris was the most important factor in the foundation of this bank and the reason for its creation was the dire distress of Washington's army. Financial aid had to be obtained in some way. Pennsylvania repealed the charter in 1785, but after facing the prospect of having the bank move to Delaware, the charter was soon renewed and was periodically renewed until 1863, when the bank entered the national bank system.

The next step which the Federal Government took in the banking field was in the form of the First Bank of the United States. Alexander Hamilton, then Secretary of the Treasury, outlined his plan for a central bank in a report made to the House of Representatives on December 14, 1790. The bill creating the bank followed Hamilton's ideas almost to the letter.

The capital of the bank was to be $10,000,000; that is, 25,000 shares at $400 a share; $8,000,000 worth of shares were to be offered to the public, to be paid for in 2 years. One-fourth of this was to be paid for in specie and one-fourth in Government obligations bearing 6-percent interest. The other $2,000,000 worth of shares were to be taken by the United States and paid for in 10 annual installments at 6-percent interest.

No voting by proxy was allowed so it was practically impossible for foreign-held shares to be voted. Each single

share had 1 vote, 3 shares had 2 votes, and so on, but no single shareholder was to have more than 30 votes no matter how many shares he controlled.

Circulating notes might be issued up to the amount of the capital stock, exclusive of deposits. The Secretary of the Treasury was to have power to examine the affairs of the bank at any and all times and might require statements as often as once a week. Private accounts, however, were excepted from these examinations. The notes of the bank were to be receivable for all public dues so long as they were payable in gold and silver coin.

The Treasury was not required to deposit the public moneys with the bank. The bank might sell any part of the public debt of which its capital was composed, but was not to purchase any part of it, nor was the bank to purchase anything which could not be pledged for money loaned and not repaid. The interest on any loan was not to exceed 6 percent.

There was a great deal of doubt in the minds of many as to the constitutionality of the act creating the bank. President Washington was not sure, and asked for the opinions of both Edmund Randolph and Thomas Jefferson. They both held the creation of the bank to be without the constitutional powers of Congress. They could not find that it was "necessary" to carry out any of the powers of the Constitution. Hamilton reviewed their opinions and reached the conclusion that "necessary" meant fitting and proper and that in that sense the bank was "necessary" in order to carry out constitutional powers. These views prevailed on Washington, and he signed the bill in 1791. This gave the bank an exclusive charter for 20 years.

There are few statements of the bank in existence, and it is difficult to ascertain how much, if any, influence the Treasury exercised over the affairs of the bank. It is uncertain how often the Secretary of the Treasury examined the condition of the bank or how often reports were made to him. Only two such reports have been found, which were two of those submitted by Gallatin in connection with the renewal of the bank's charter.

The charter of this first bank was to expire in 1811. There was a great deal of disagreement about whether it should be allowed to expire or be renewed. Henry Clay was one of the strongest opponents to renewal. His argument was based on the fact that war with England was pending, that 15,000 shares of the bank stock were held abroad, principally by Englishmen, and that they would surely gain control. Secretary Gallatin had pointed out years before that no votes could be cast by foreign shares unless the holder was here to vote, but this did not seem to carry much weight and the bank expired in 1811. It was in splendid shape and liquidated at once.

The liquidation of the bank led to a mushroom growth of State banks to finance the War of 1812. By 1814 they had flooded the country with a worthless currency and many of them soon after collapsed. The financial condition of the country was desperate. Even Clay recognized the need of a central bank and favored a bill which would create one. One such bill had passed the House, and a rather different one had passed the Senate when news of the Treaty of Ghent reached Congress. The House then postponed further consideration of the Senate bill and nothing further was done until 1815.

In his speech of December 5, 1815, President Madison recommended a new national central bank to bring about the resumption of specie payments. A bill creating the Second Bank of the United States was reported to the House in January 1816, and it became law in April 1816.

The new bank was capitalized for $35,000,000, four-fifths to be subscribed by private persons and one-fifth by the United States. There were 25 directors, of whom 20 were elected by the shareholders and 5 to be appointed by the President, with the advice and consent of the Senate. Foreign stockholders could not vote either in person or by proxy. All notes and deposits were paid in specie. The bank was given a right to issue notes, but heavy penalties were prescribed in the nature of forfeitures if the bank failed to pay any note, obligation, or deposit in specie on demand. The charter was again exclusive and to last 20 years, but this time the bank was to pay $1,500,000 bonus to the Government for the charter. (The specie payments were deemed important, because it was the practice at that time to pay deposits in the notes of the banks of other cities which were usually at a discount below par.) The bank was given the right to issue post notes but only for $100 or more. (Post notes were bank notes payable in the future.) In many ways the charter was merely a copy of that of the first bank.

In the early years of the bank's operation it was badly managed, the stock subscriptions were not paid up, and there was a great deal of trading in the shares before they were paid for. Mr. Langdon Cheves, of South Carolina, became president of the bank in 1819 and saved it from collapse. It then continued to prosper and became a great and respected institution until the Jackson Democrats, the "enemies of privilege", came along and succeeded in destroying it.

In 1829, in Jackson's first annual message to Congress, he recommended that the charter of the bank be not renewed when it expired in 1836. This thought was repeated by him the next year in a message to Congress, but the following year his opposition to the bank had softened greatly. If the bank had not been drawn into politics and made an issue by Henry Clay and his National Republican Party, it is fairly certain that Jackson would have signed a bill for its renewal in 1836. (By this time Henry Clay had become an advocate of the bank.) The bank was made an issue by the National Republicans, and they did their best to force a renewal bill through both Houses of Congress in the early summer of 1832. Their aim was to get President Jackson to veto the bill and by so doing sign his own death warrant in the approaching Presidential election.

The bill came to the President for signature in July 1832. By that time President Jackson's ire had been thoroughly aroused by reason of continued opposition to his wishes in both Houses, the virtual order of Congress, through their refusal to adjourn, that he sign or veto the bill and not kill it by pocket veto, and several banking indiscretions of Mr. Biddle, then the president of the bank. The result was that on July 10, 1832, the bill was vetoed and the message that accompanied the veto was so fiery and demagogic that the National Republicans were greatly encouraged. They felt certain of Mr. Clay's election and the eventual renewal of the bank's charter.

The result, however, was quite the opposite, and President Jackson was returned to power by a tremendous majority. In 1833 he desired to start the withdrawal of Federal funds from the bank. Secretary of the Treasury McLane refused to do so. He was removed by the President and placed in the State Department. William J. Duane was then put at the head of the Treasury. Although he had been opposed to the bank, he looked upon the deposits as a contract with the bank which could not be broken. He was therefore removed and Roger B. Taney succeeded to his place. He finally in 1833 began the removal of Government funds and the bank lost its final connection with the Government.

The bank did not go out of business in 1836, however. It sold more shares to replace those of the Government and obtained a charter from Pennsylvania. It was overcapitalized, however, for the limited territory of Philadelphia and vicinity and found it necessary to lend money on shares of stock. It speculated heavily and finally suspended operations in the panic of 1837. Suspension came again in 1838, and the last time in 1841. The liquidation of the bank took 15 years. All creditors were paid in full, but the shareholders got nothing.

Both the First and Second Banks of the United States became embroiled in politics through no wish or fault of their own, but the result was disastrous each time, and a truly central bank of the United States has never been created since.

From 1836 until the passage of the National Bank Act in 1863 the Federal Government did not in any way concern itself with the banking of the country. In 1861 Mr. Chase, then Secretary of the Treasury, recognized the need of some

means to finance the Civil War. He conceived the idea of a uniform national currency backed by the Federal Government and issued on the basis of United States Government bonds. He suggested that Congress pass a banking bill designed to make all of the currency uniform. Perhaps the greatest single motive behind Mr. Chase's bill was the need to have a steady market for United States securities in order to finance the war. Nevertheless, he did recognize the dire need then existing for one uniform currency.

At first there was a great deal of opposition to the new banking system and the bill proposing it was twice defeated in the House of Representatives. Finally, however, the Senate passed such a bill by a bare majority and the House then fell in line. The bill became law on February 25, 1863. Hugh McCullock, formerly of the Indiana State Bank, became Comptroller of the Currency and head of the system. He suggested a great many amendments to the bill, and it was revised and amended as suggested and a supplementary bill passed on June 3, 1864.

The new act set forth a unified banking system for all the States and Territories. It was upon regulations taken from State banks then or previously in existence. Aside from the uniformity of the system, the main features were as follows: All national banks were put under the supervision of the Comptroller of the Currency, an officer of the Treasury Department. Any association of five persons having the necessary amount of capital could organize a bank, never less than $25,000, and such only in small towns. The capital requirements rose with the population of the urban districts in which they were to be established.

The powers of national banks were limited to discounting notes, drafts, bills, and so forth; receiving deposits; trading in exchange, coin, and bullion; loaning money on personal security; and the exclusive issue of circulating notes. Each bank had to deposit a certain number of registered United States bonds with the Secretary of the Treasury whether the bank intended to issue notes or not. Rules and regulations were imposed upon directors and the elections of them. The double liability of shareholders was created except in the case of the Bank of Commerce of New York, the only bank having a "capital of not less than $5,000,000 and a surplus of 20 percent on hand."

Each bank was entitled to receive circulating notes from the Comptroller equal to the par value of the bonds deposited by it, but not exceeding the market value thereof and not exceeding its capital stock actually paid in. Rules and regulations for the redemption and retirement were prescribed. A tax of one-fourth of 1 percent was put on the notes in circulation. Reserve requirements were set forth. Each bank in cities of 500,000 or more inhabitants was to keep a reserve of lawful money equal to 25 percent of its deposits. Other banks were to keep a like reserve of 15 percent, three-fifths of which might consist of balances on deposit in banks approved by the Comptroller in "Reserve" cities. Any Reserve city bank might keep one-half of its reserve as deposits in a "central reserve city", that is, New York, Chicago, or St. Louis.

Interest rates to be charged were to be no higher than those allowed by State law. One-tenth of net profits were to be carried to the surplus fund of each bank until the surplus reached 20 percent of the capital. Restrictions were put on the amounts that could be loaned by the banks, and rules and regulations were set forth for reports and examinations of the banks, appointment of receivers, and taxation by States. Any national bank might be designated by the Secretary of the Treasury as a depositary of the public moneys, so long as the legal reserve of 25 percent of Government bonds was maintained.

The new currency caused the greatest opposition to the bill. It did not at first have any effect on driving out the old circulating notes of State banks. The State bank notes were legion in kind and number any they were badly depreciated but they were greatly favored in the localities where they were issued. Secretary Chase saw the necessity of taxing the State notes out of existence but such a tax was not imposed until after he had ceased to be Secretary of the Treasury. In 1865 a 10-percent tax was passed which went into operation in 1866. It was only then that national-bank notes became the accepted and predominant medium of exchange. The rigidity of the new national-bank-note issue was not regarded with favor as against the usual State regulation allowing $2 of notes to be issued against $1 of capital. The national-bank notes could never have gained foothold if the confiscatory tax had not been imposed.

The new National Bank System after once getting started worked well for some time. It weathered the crisis of 1873 with only 11 failures in the entire system during that year. By the year 1876 there had been only 49 national-bank failures since the inception of the system, and for 45 years the system served the country with only slight variations in the law.

One feature of the system, however, which many never felt to be sound was the rigidity of the note-issue structure. There was no method of expanding or contracting the currency as the needs of the community dictated. This feature became quite a political issue and some legislation would have probably resulted if the Spanish-American War had not intervened. The war did intervene, however, and the Government, instead of paying off the bonds then due, which were the basis of the currency, and passing some legislation to establish a more flexible currency, refunded the old debt and left the currency as it had been originally.

It is interesting to note the movements of the Secretary of the Treasury, the Honorable Leslie M. Shaw, as a result of the inflexibility of the country's monetary unit. In 1902, he decided to render the currency elastic by making his own rules and regulations without changing the law. First, he decided that that phrase of the law establishing the security required for the deposit of Government funds as "United States bonds and otherwise" meant "United States bonds or otherwise." This opened the door to the use of State and municipal bonds as security. He later allowed railroad bonds to be used in the same capacity. At the same time he argued that banks well protected with United States bonds as security need not keep the 25-percent cash reserve against Government deposits as the law required. The act of Congress of May 30, 1908, finally repealed that part of the law. He made another ruling that banks designated as depositaries of public money were branches of the Treasury, in order that public funds might be transferred to or from such banks at any time. He made rulings designed to further the movement of gold to this country and he attempted to aid the movement of crops and avert the usual autumnal pinch by withdrawing $60,000,000 from the banks and locking it up in order to release it in the harvest season.

These money movements failed, however, because of speculation, in spite of Secretary Shaw's regulation that there should be no speculation in these activities. The results of these rulings are partially to blame for the panic of 1907. The speculators of Wall Street threw prudence to the winds and "clamored for Treasury relief" whenever their own operations produced tightness in the money market. One author says of Mr. Shaw's actions:

> They were glaring examples of "paternalism in Government" which assumes that the holders of public office know how private business ought to be conducted better than business men themselves, and think that their powers ought to be made commensurate with their superior knowledge.

The panic of 1907 showed conclusively that the banking structure of the country was outmoded and unsuited to business and credit needs. Reform was badly needed and it was clear that it must come from the Federal Government and supply the essentials of what was provided by clearing houses during the panic in granting a means of payment by clearing-house certificates. The result was the Aldrich-Vreeland Act of May 30, 1908, which was notable because it established the National Monetary Commission. The bill also established national currency associations for the issue of currency during the recovery period after the panic; but this measure was purely temporary and had no lasting effect.

The National Monetary Commission headed by Senator Aldrich did a splendid piece of work. Senator Aldrich himself carried on a great deal of the work and an extensive study was made of many topics, especially banking in other countries. Following the act of 1908 several banking schemes were proposed. Among them was that of Mr. Paul M. Warburg who was a strong advocate of a central bank of the European type. His plan was known as the "United Reserve Bank of the United States." Another plan was the Aldrich bill.

The Aldrich bill had its origin in several sources. Senator Aldrich called a secret meeting at Jekyl Island in December 1910. Henry P. Davison, Paul M. Warburg, Frank A. Vanderlip, and Charles D. Norton were present besides the Senator. This conference lasted 2 weeks and at the end of it a rough draft of the bill the Senator later sponsored was drawn up. A large portion of this draft was the result of Senator Aldrich's studies made under the auspices of the Monetary Commission. The bill in that stage was far from perfect. Senator Aldrich was mainly interested in the administrative and control measures. He favored the idea of a strong central bank but did not perfect the recognized banking principles, and the bill as it stood at that time was rejected by banking experts as worthless. Conferences continued, however, and the bill was studied by experts and changed until the final result was the Aldrich bill, which was presented to the National Monetary Commission in December 1911. Senator Aldrich had called into his conferences the best banking talent, both practical and theoretical, which could be discovered in the country. Among them were J. B. Forgan, A. B. Hepburn, George M. Reynolds, and J. Lawrence Laughlin, in addition to those who had met at Jekyl Island.

During the period between 1908 and 1911 it was conceded by all those connected with banking reform that a program of education would be necessary in order to bring reform legislation to final passage. The result was the formation of the National Citizens League in May 1911. The league was formed by a nonpartisan group of business men throughout the country with J. Lawrence Laughlin, of Chicago, at the head. The purpose was to educate people and not to back any particular legislation unless it was found to be a sound plan best suited to the needs of everyone. As a result it did not endorse the Aldrich bill. On the other hand, it was not hostile to the bill. The league ceased to function actively except in a few sections of the country before the final passage of the Federal Reserve Act in 1913, but it did a great deal of good and its reform education was thorough and lasting.

The National Monetary Commission considered the Aldrich bill extensively with daily hearings and sessions during the month of December 1911. The bill was finally reported to Congress January 8, 1912. But by this time there was a Democratic majority in Congress, and the bill was turned over to the Banking Committees. It was never reported out in the session of 1911–12, and there died a natural death. The strong opposition of bankers and Democrats to the central bank features of the bill were responsible for its final demise.

In 1912 there were many so-called "radicals" in Congress, especially in the House, who were vitally interested in playing politics with the trust issue. In order to appease them in view of the coming election the Banking Committee of the House was divided into two bodies. The main committee under Mr. Pujo, the chairman, carried on an extensive investigation of the Money Trust in New York City. The other part of the committee under Mr. CARTER GLASS was given over to the study of banking legislation. In those days Mr. GLASS was deemed to be rather a novice in the banking field, but his close adviser was Mr. H. Parker Willis, who was quite familiar with the technical phases of the subject.

Although the Aldrich bill was out of the question, there was still a great deal of agitation for banking reform, and the time was fast becoming ripe for the passage of some legislation. In view of this, Mr. GLASS and Mr. Willis called in several experts, among them J. Lawrence Laughlin, who drafted three preliminary bills. The final one, plan D, presented in December 1912, carried many of the essential provisions which eventually became law under the Federal Reserve Act. The first conference with President Wilson was had on December 26, 1912, before he was inaugurated. Another conference was held January 30, 1913. By this time the bill drafted by Representative GLASS and his associates had become fairly definite and it then entered the so-called "political" stage.

President Wilson called a special session of Congress in April of that year, presumably to consider only tariff legislation. The President, however, recognized the importance of new banking legislation and realized that this was the psychological time to bring it up for passage. Therefore a new banking committee was organized in the House and Mr. GLASS became chairman of it. His official appointment as chairman did not come until June 3, 1913, but already a great deal of publicity had been given to his banking bill. The bankers of the country as a group declared war on the legislation in April. This culminated in a conference between the President and some of the important bankers who were leading the opposition. At this conference the President won out over the bankers and succeeded in settling the matter of appointment of members of the central reserve board. The bankers wanted representation on the board while the President desired to appoint the five members who were to make up the board with the Secretary of the Treasury, and the Comptroller of the Currency. The President was successful and the bankers left the conference without representation on the board.

Further opposition to the bill developed all along the line. Secretary of the Treasury MCADOO presented a plan to the President, William Jennings Bryan had his plan, and the New York group who advocated the central bank principles of the old Aldrich bill bitterly opposed the Glass bill. President Wilson appeased Mr. Bryan by making minor concessions in the note-issue power of the Glass measure and disregarded Secretary MCADOO's plan because of impracticability. The Glass bill was finally reported to the House of Representatives.

Extended hearings were then had by the Banking and Currency Committee and all phases of the bill were thoroughly gone over. The committee was, on the whole, in accord with the views of Mr. GLASS and the bill was favorably reported out by the committee and sent to the Democratic caucus for approval. It passed the caucus by an overwhelming vote.

When the Glass bill reached the Senate there was more organized opposition. The Senate formed a Banking Committee for the first time and gave it the new legislation for consideration. Senator Robert L. Owen was made chairman of the committee, and the first thing he did was draft a bill of his own. This put three bills in the field for President Wilson to consider; that is, the Owen, the McAdoo, and the Glass bills. The President again endorsed the Glass measure, already passed by the House. He finally won over Mr. MCADOO and was also able to bring Senator Owen into line. This did not bring the rest of the Senate over to his views, however, and this was accomplished only by a great many personal interviews at the White House with various insurgents and a rising tide of public opinion in favor of the new Federal Reserve Act—the Glass bill. It eventually passed the Senate on December 19, 1913, under the name of the Owen bill, with a few minor changes which were ironed out in a conference between the House and Senate committees, and became law on December 23, 1913.

The act, of course, centralized the banking of the country to a degree which had not been known since the days of the Second Bank of the United States. The country was divided into 12 Reserve districts, with a Reserve bank in 1 of the principal cities of each district. The 12 banks were governed largely by the Federal Reserve Board in Washington. The Board was composed of the Secretary of the Treasury and the Comptroller of the Currency and five members—later six—appointed by the President. Currency was made more elastic in that member banks might get

Federal Reserve notes from the Reserve banks upon the deposit of various kinds of paper, certain United States bonds, and gold, rather than through issuing notes only against United States securities with the circulating privilege. The new notes became obligations of the United States. All national banks were compelled to become members of the Reserve System or else surrender their charters. Certain reserves of all member banks were transferred to the Reserve bank. The operations of Reserve banks were carefully prescribed and powers were given to the Federal Reserve Board to determine other operations and policies. The discount rate was made uniform throughout each district, but might vary in different districts, as the bank of each district might determine.

The system, although young and almost untried, was found to be of great service in helping the Government finance the World War. Since the original enactment there have been many amendments to the Reserve Act. Yet none have changed basically the relation of the Federal Reserve Board to the banking system of the country or taken away the autonomy of the individual Federal Reserve banks.

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CENTRAL BANKING SYSTEMS OF VARIOUS FOREIGN COUNTRIES

I. THE BANK OF ENGLAND

Ownership and general function: The Bank of England is a privately owned joint-stock company with approximately 10,000 shareholders. The authorized, issued, and paid-up stock amounts to £14,533,000. The governor and deputy governor are chosen by the directors and the 24 directors are elected by the shareholders who each have one vote so long as they hold more than £500 worth of stock. The governor, deputy governor, and eight directors are elected each year but those retiring may be reelected (governor and deputy governor automatically retire each year but the Honorable Norman H. Montague has been reelected governor since 1920). Directors are chosen from the best bankers and business men of England, and since the governor is elected by seniority, the governors have usually served as directors for 20 years before becoming eligible for election as governor. The bank has 9 branches, 1 in London (besides the main office), and 8 others in the principal cities of England.

The Bank of England is the fiscal agent of the British Government and acts as the Government's banker. When the Government balances are too low to pay the quarterly interest on the British debt the bank makes "deficiency advances", and when the Government revenue is coming in too slowly to keep up with expenditures the bank makes "ways and means advances." The bank also manages any loan operations or issues which the Government desires to make, besides acting as the regular bank of the Government. The bank, however, is not owned by the Government and is in no way subservient to its desires or needs. The bank, besides acting as a State bank, carries on a general banking business and acts as a bank for bankers. There are a few other large banks in England, but there is nothing comparable to the American system.

Currency: Since 1884, with the exception of the years between 1914 and 1928, the Bank of England has had the exclusive right of note issue. Since 1928—the currency and bank-note act of 1928—the bank may issue notes to the extent of £260,000,000 over and above the amounts of gold coin and bullion in the issue department. This amount of currency may be increased by the bank requesting the treasury department to authorize an increase above the £260,000,000. The treasury department may then authorize an increase for 6 months, and this may be increased to 2 years. Beyond that time Parliament must authorize the increase. In 1932 the issue was increased £15,000,000, and stood so until April 1933, when it was reduced to normal.

A credit in the books of the Bank of England has come to be regarded as just as good as so much gold. As a result when an increase of circulating currency is needed, it can be attained by an increase in the balances of the other banks at the Bank of England—the other banks thereby get more cash to be used as the basis of credit. Then balances can be increased by borrowing from the Bank of England, which is generally carried out not by the banks themselves but by their customers from whom they have called in loans. The Bank of England is thus enabled to provide emergency currency with great ease, by means of loans, and so forth, which are used to swell the balances of the other banks, which thus show an increase of the cash at the central bank, which is used as a basis for credit operations.

Reserves, discounts, and so forth: Unlike the Federal Reserve System, no English banks, including the Bank of England, are required to maintain a minimum reserve. The Bank of England maintains, however, a high proportion of cash to liabilities, which is usually around 40 or 50 percent. Other banks do not keep such a high reserve but ordinarily a low one, and multiply credits based ultimately on the Bank of England reserve. Other banks ordinarily do not borrow from the Bank of England but adjust their position through their holdings of banker's bills, treasury bills, and loans to bill brokers and discount houses.

At tax-payment time money flows into the bank as the fiscal agent of the Government. At such times it is said the "market is in the bank" and so merchants and bankers borrow from the bank at the bank rate, which is the official minimum rate, and has been at 2 percent for the past year at least. Ordinarily, however, the market borrows from the bank at the bank rate, or when the bank makes advances on securities, one-half of 1 percent above the bank rate. The Bank of England controls the market by controlling the discount and rediscount rates, which seem to be the same. It is absolutely necessary that the bank have this control over the market, since all the banking of the country is based on the reserves of the bank.

II. LE BANQUE DE FRANCE

Ownership and general functions: The banque is privately owned by approximately 41,000 shareholders. Only the 200 largest of these may vote, and then they have 1 vote for every 5 shares up to 4 votes. They form a general assembly to represent all the shareholders and elect the 15 regents—board of directors. The regents, in turn, place the direct management of the affairs of the banque in a committee of three regents. The French Government exercises some control over the banque by appointing the governor and deputy governor. Besides this power, 3 of the 15 regents must be treasury officials. There are many other banks throughout France, but this one operates over 650 branches and connecting and auxiliary offices throughout France.

The banque is the center of the credit organization of France. It discounts paper directly for clients, but it is, above all, a bank of rediscount for bankers and credit companies. It is the fiscal agent of the Government, holder of the nation's reserves, and general clearing house for all banking business in the nation.

Currency and reserves: The most important function of the banque is the issue and regulation of the nation's paper currency, with the correlative function of maintaining the nation's reserves. The banque has the sole right of note issue in France, and the law provides that the banque shall maintain a 35-percent gold reserve against all engagements. Included, of course, are note issue and "creditor current accounts." An agreement between the Government and the banque removes any limit to the bank's note circulation, except for that placed there by the 35-percent requirement. The banque redeems its notes in gold at sight. The proportion of gold on hand to sight liabilities is now about 80 percent, and the banque's gold now aggregates about 82,000,000,000 francs (as of Financial and Commercial Chronicle, Nov. 24, 1934).

III. THE BANK OF CANADA

Ownership: The Bank of Canada was established by legislation passed at the session of Parliament ending in July 1934. As a result it has not yet begun operations.

Ownership of the bank is to be private. It is now capitalized at $5,000,000, i. e., 100,000 shares at $50 a share. This may be increased from time to time. No more than 50 shares may be held for the benefit of any shareholder, and shareholders must be British subjects ordinarily resident in Canada (including corporations). No chartered banks or directors, officers, or employees thereof may hold stock. The board of seven directors shall be elected from diversified occupations by the shareholders. The governor, deputy governor, and assistant deputy governor are to be appointed for 7 years by the Governor General in Council. After the first term, however, these officials shall be selected by the directors, subject to the approval of the Governor in Council.

The bank is to put its services at the disposal of the Government but is to retain a definite autonomy and is not to be subject to interference with details of its administration.

Note issue and currency: The bank shall be the central bank of issue. At present notes are issued by the Dominion Government—legal tender—and the chartered banks (not legal tender but notes so issued now constitute the greater part of circulation). The bank will take over all the Dominion notes, retire them, and issue in their place its own notes which shall be legal tender. The act creating the Bank of Canada also provides for the gradual reduction of bank notes and eventual extinction of the right of chartered banks to issue them. (At present the chartered banks are permitted to issue notes up to the amount of paid-up capital. A tax of 1 percent per annum is paid on such issue, and there are no legal reserve requirements.) Bank of Canada notes shall be redeemable in gold bullion in minimum quantities of 400 ounces fine.

The purposes of the bank shall be to regulate credit and currency and protect the external value of the national monetary unit. So far as is possible within the scope of monetary action, the bank will attempt to mitigate, by the influence of the monetary unit, the general level of production, trade, prices, and employment. Provision is also made for limited expansion of note issue during crop-moving seasons.

Gold and gold reserves: All gold now held by the Government and by the chartered banks shall be delivered to the bank upon its opening for business. This shall be held as reserve against the legal tender notes and deposit liabilities of the bank, and, indirectly, of the whole banking system.

The act requires a gold reserve of 25 percent to be held against all note and deposit liabilities of the bank. But because of Canada's need of working balances in foreign centers, funds carried in gold form with the Bank of England, Bank for International Settlements, Federal Reserve Bank of New York, and the central bank of any gold standard country may legally constitute reserves.

Discount: The Bank of Canada shall act as the fiscal agent of the Government, and the way is paved for a short-term money market in Canada, thus providing for more economical short-term financial operations of Government bodies.

Although termed a "banker's bank", the bank is empowered to deal with individuals to a limited extent in exchange or discounting. It may effect trade acceptances, banker's acceptances, and drafts and bills of exchange drawn in or on places outside of Canada having a maturity of not more than 90 days sight from the acquisition by the bank. The bank may buy, sell, or discount certain securities of the Dominion and the Provinces, short-term securities of the United Kingdom, any British Dominion, the United States, and France. The bank may also buy, sell, or discount bills of exchange and promissory notes endorsed by a chartered bank.

Besides this the chartered banks are given access to central bank credit in a set of provisions which are designed to insure a flow of credit in times of need, as are the elegibility rules under the Federal Reserve Act.

IV. THE RESERVE BANK OF INDIA

The bill creating this bank was passed by the Council of State in February 1934. It is planned on a model of the Bank of England. The bank is not yet operating.

Ownership and management: India is to be divided into five areas, with headquarters at Bombay, Calcutta, Delhi, Madras, and Rangoon.

Ownership will be private. The capital of the bank will be divided into 5 parts and offered for subscription to the residents of the 5 areas. There are to be local boards and one central board. One officer of the Government, without voting power, will sit on the central board. It is assumed, however, that the governor and deputy governor will be appointed by the Governor General of India in Council. The bank will be free from political influence.

Note issue: A sterling standard will probably be established.

The bank shall take over all notes outstanding and retire them, issuing its own in their place. All bank gold coin, gold bullion, silver securities, rupee coin, and rupee securities to the amount of notes then outstanding will be taken over from the Imperial Bank and the Government. So the new bank is taking over an already unified currency system.

The new legislation provides for 40-percent gold and sterling security reserves, but at no time is the gold holding to be less than 400,000,000 rupees in value. With previous sanction of the bank, the Governor General in Council may allow the gold reserves to fall below 40 percent for not exceeding 30 days, renewable for not more than 15 days. Even then the 400,000,000-rupee gold minimum must be retained. To provide ample coverage besides the gold reserves, the Government must transfer to the bank 50 percent coverage.

V. THE CENTRAL BANKS OF RUSSIA

The Russian banking system consists of four distinct central banks and a system of savings banks, all owned and operated by the Government.

A. State Bank of Soviet Russia: This bank is the largest and broadest in scope of all the central banks. It operates 2,500 branches in all parts of the union and employs 25,000 people. It is the primary source of all short-term credit for industry and agriculture and is the fiscal agent of the Government.

Currency and note issue: The unit of legal currency is the chervonets, which is equal to 10 gold rubles. The State bank has the right of issue along with the treasury department. The State bank issues chervontsi—plural of chervonets—and the treasury issues gold rubles, silver coin, and other notes. The treasury department was originally to issue notes in an amount to exceed 50 percent of the State bank issue, but this has since been raised to 100 percent.

No definite reserve is assigned against Treasury notes but the bank holds, as the fiscal agent, reserves in gold, platinum, and stable foreign currency. The minimum reserve for the issue of the State bank currency, however, is 25 percent in gold and precious metals and stable foreign currency.

Banking functions and duties: Because of its control over credit the State bank has the right and it is its duty to keep in touch with all movements of the agencies it supplies with financial support. This includes prescribing the systems of accounts to be kept, checking up on the wage and price scales used, as compared with those prescribed, and following the progress of goods from the manufacturer to the consumer. The bank is really one of the agents of the Government to make sure that the decrees of the Government are carried out. This is made possible by the fact that a large part of the business of the Union is carried on by simply making debit and credit entries on books of the bank in the accounts of the parties to the transaction concerned.

B. Bank for industry and electrification: This bank is the source of long-term credit for industrial and other construction. In carrying this out the bank follows the pro-

cedure of the State bank in checking on its debtors at every step. It does not, however, concern itself with manufacture and trade and extends no short-term credit.

The bank has branches but the number is not given.

C. Agricultural bank: This bank has the function of extending long-term credit to agriculture. It is concerned chiefly, however, with the "socialized" forms of agriculture or the large collective farms. It finances all phases of these institutions. It does not extend credit to the individual farmer who is fast being crowded to the wall because of lack of credit facilities.

The agricultural bank is probably located at Moscow and has 69 branches.

D. Cooperative Bank of Russia: This bank has the special task of financing the operations of all cooperative societies. It also finances "workartels" or associations of hand workers and artisans who produce a large supply of consumers' goods and whose place has not yet been taken by large-scale industry.

E. Soviet savings banks: There are 60,000 branches of this Government-owned savings bank. Its chief function is to market the bonds of the Government rather than take the deposits of the people. High rates of interest are paid, however—8 to 9 percent—and the deposits run well over a billion rubles. The capital of savings banks is invested in Government stock and cash holdings are small.

VI. THE REICHSBANK OF GERMANY

Established in 1924 under German laws as part of the Dawes plan. It acts as a central bank of issue and reserve for the German Republic.

Ownership: The Reichsbank is a private institution and independent of governmental influence or control. Nevertheless the president is appointed by the President of the Republic. The Reich also shares in the profits made after at least 10 percent is paid into the legal reserve—until it reaches the amount of the paid-in capital—and after an 8-percent dividend to the shareholders. Of surplus profits then the Reich takes from 75 to 95 percent. The Reich and the bank have no other important relations, except as banker and customer.

Note issue and reserves: The bank has the exclusive right of note issue for 50 years. A 40-percent reserve must be kept against note circulation, of which at least three-quarters must be gold. A 40-percent reserve must also be kept against all demand deposits. This need not be in gold, however, but may consist of demand deposits of the bank in German or foreign banks, checks on other banks, bills of exchange for 30 days or less, and claims arising from collateral loans.

VII. THE BANK OF JAPAN

Ownership: The Bank of Japan (Nippon Ginko) is a joint-stock company organized under the Act of the Bank of Japan in 1882. It has a subscribed capital stock of 60,000,000 yen and in 1930 had 2,316 shareholders.

Note issue: The bank conducts a general banking business and acts as a central bank. It has power to issue notes against any gold and silver specie reserve provided the value of silver shall not exceed one-fourth of the total.

VIII. THE BANK OF ITALY

The Bank of Italy was set up in 1893 as a central bank of issue together with the Bank of Naples and the Bank of Sicily. The bank is a private institution, there being about 11,000 shareholders. The bank is, however, closely connected with the State, it being directly under the supervision of the treasury. The Government shares in the profits to the extent of one-third above the 5 percent to special reserves and 5 percent on capital to shareholders.

By the decrees of May 6, 1926, and December 28, 1930, the bank was given the sole right to issue notes until 1950. It has been issuing notes since then to retire those formerly issued by the Bank of Naples and the Bank of Sicily.

A reserve of 40 percent in gold and foreign currencies convertible in gold must be kept against currency in circulation and all deposits, except treasury deposits.

The bank operates 13 central offices, 78 branches, 45 agencies in Italy and 8 auxiliary offices in the Italian colonies.

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, we have in this resolution a rule proposed for the consideration of the banking bill, a wide-open, liberal rule, that allows 15 hours of debate confined to the bill and full freedom of amendment. The Rules Committee felt this was a measure that called for the very widest debate, because the banking business as regulated under this measure and under the previous act is an activity that touches every group of citizens; and many of the phases of the banking law have been tested during the last 2 or 3 years as they have never been tested before. We thought that the widest debate should be provided to give everyone a chance to discuss the bill and to offer any amendments he wished.

The Rules Committee, I think, by experience during this session has learned something about procedure that will be of advantage in the future consideration of measures in the House. During my few years' experience on the Rules Committee it has frequently been the custom for the chairman of a legislative committee with other ranking members to come before the Rules Committee and ask for a restricted rule on the theory that the best procedure by which to handle any bill was to get it through as hurriedly as possible and with as little debate, and sometimes with as little discussion as possible. The Rules Committee has not always been in favor of this procedure; in fact, rarely has there been a time when the Rules Committee was unanimous for the reporting of any kind of so-called "gag rule." In the handling of the recent social-security legislation under a wide-open rule which provided 20 hours of general debate and full freedom of amendment, we saw a bill handled as nearly to the unanimous satisfaction of the House of Representatives as any bill within my experience. Every Member was given an opportunity to discuss the measure and to offer any amendment he wished, and the Ways and Means Committee stayed here on the floor of the House and defended their bill against all amendments. The ultimate result of procedure under that method was that the bill was changed slightly if at all. I think the Banking and Currency Committee, one of the great committees of the House, will be in the same position to defend this bill they are proposing, at the same time allowing the Members full opportunity not only to discuss the bill but to offer any amendments they may wish. It is true some slight change may be made, but I presume that when consideration of the bill is finished it in large measure will be as it comes from the committee.

This is my idea of the way legislation should be handled. I was very much pleased with the way in which the social-security bill was handled by the Ways and Means Committee. As I say, the Committee on Rules, as the result of that experience, learned that probably this method of procedure is the best that can be followed. At least, it meets with the complete and unanimous satisfaction of the Members. So the Committee on Rules has reported a wide-open liberal rule allowing full freedom of discussion and amendment.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman from Indiana 2 additional minutes.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. GOLDSBOROUGH. It is a fact, is it not, that the Committee on Banking and Currency did not ask for a closed rule?

Mr. GREENWOOD. That is true; and I am glad to note this change on the part of legislative committees coming before the Committee on Rules; they ask for more liberal rules and express a willingness to defend their measures, as did the Committee on Banking and Currency when it came before the Committee on Rules.

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. STEAGALL. I would remind the gentleman that in times past it has been the practice of this committee to

request closed rules; but, as a matter of fact, since the present chairman of this committee took his position as chairman, the Committee on Banking and Currency have not presented a measure which has not been considered under an open rule.

Mr. GREENWOOD. I am willing to concede to the Chairman of the Committee on Banking and Currency that he came in the spirit of asking for this kind of a rule. The Committee on Rules is very much like other committees of the House; we like to give the kind of a rule sought by the committee appearing before us. I am glad to note the change, however. I must say that the legislative committees are asking for what I think is a more democratic and a more sensible method of handling these various pieces of legislation.

Mr. SWEENEY. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. SWEENEY. Is it not a fact that the rebellion against gag rules has brought about the change?

Mr. GREENWOOD. I think that has had some effect. I would remind the gentleman, however, that at one time last year the Democrats in a caucus required the adoption of a closed rule on a certain piece of legislation; and that was the only rule that was defeated—the one the caucus asked for.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 7 minutes to the gentleman from New Jersey [Mr. CAVICCHIA].

Mr. CAVICCHIA. Mr. Speaker, I want to compliment the Rules Committee for the very liberal rule they have given us, and I also want to compliment the Chairman of the Banking and Currency Committee as well as my colleagues. It is splendid to have a group of men who devote the time that they do to such important legislation as this. Even though we do not agree, we have a high regard for one another.

Like the gentleman from Ohio [Mr. HOLLISTER] I am not a banker, nor do I hold any bank stock, so whatever I say concerning this bill has been suggested to me during the 25 or 26 years that I have practiced law and in dealing with financial institutions.

Those of you who have read the bill will wonder whether it is wise to permit banks to grant loans on 60 percent of the appraised value of real estate. National banks today have $2,700,000,000 in real-estate mortgages on a 50-percent appraised basis and many of these mortgages are now considerably over 50 percent due to the drop in value of real estate. It is proposed to make borrowing easier from national banks. If the mortgages that the banks held in 1933, during the bank holiday, were frozen assets and caused some of these banks to close, are we going to put $10,000,000,000 more of time deposits in the form of real-estate mortgages to be lent on more liberal terms than the 50-percent mortgages that the banks now hold?

Heretofore each one of the 12 Reserve banks made their own discount rates. Each of the 12 Reserve banks throughout the United States has a peculiar function because of climate and business conditions, and the requirements are different. Each one has to decide what the discount rate shall be. Are you willing to give all power to the Federal Reserve Board to make rates, to raise or lower them, for all the 12 banks? Is it wise to do that?

Sixty percent of the capital and surplus of the banks, members of the Federal Reserve Board, is today invested in Government bonds.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. The gentleman has referred to the power to control the rediscount rate. Is it not a fact that there is no difference in the proposed law from the existing law with respect to control of the rediscount rate?

Mr. CAVICCHIA. I may be mistaken; and if so, I should like to be corrected.

Mr. HANCOCK of North Carolina. The gentleman is mistaken, and I know he wanted to get only the facts before the Congress.

Mr. CAVICCHIA. If I am mistaken, I take that back; but I understood the bill gives the Federal Reserve Board the power to raise or lower the rediscount rates. See the committee report, on page 8.

Mr. HANCOCK of North Carolina. Under the present law the Federal Reserve Board has that power, and there is absolutely no change.

Mr. CAVICCHIA. The Board has the power in the present law, but I am told it has not exercised it; leaving the individual Federal Reserve bank to raise or lower the discount rate.

Mr. CRAWFORD. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The gentleman does not mean to say that the Federal Reserve Board, under present operations, can force any Federal Reserve bank to act in unison with all the other Federal Reserve banks with reference to rediscount rates?

Mr. CAVICCHIA. In the open-market operations the Federal Reserve Board becomes the boss of all the 12 banks. It tells the banks what do do and they must do it. I did say that the Federal Reserve Board would be given authority to lower or raise the discount rates for the 12 banks. The gentleman from North Carolina tells me that is not so.

Mr. HANCOCK of North Carolina. No; I say the Federal Reserve Board has that power at the present time and they have under the proposed act the same power they now have under the existing act.

Mr. CAVICCHIA. I thank the gentleman for his statement.

Mr. HANCOCK of North Carolina. There is absolutely no change with respect to the law as applicable to the rediscount rate.

Mr. CAVICCHIA. The open market operation is no more or less than giving power to the Federal Reserve Board to buy Government bonds. Sixty percent of the surplus and capital of those banks is now invested in Government bonds. How much more in the way of holdings of Government bonds do you want to give the banks?

Mr. Speaker, I am afraid the foundation is being laid under title II of this proposed law for another banking holiday that is going to be much worse than the one we had in 1933. If the banks invest $10,000,000,000 of time deposits in mortgage loans of 60 percent of their appraised value, plus the purchase of Government bonds by the billions, most of the Government bonds will be held by the member banks of the Federal Reserve. Two years ago the Government bonds were selling for 85 and 82. Even in times of prosperity I can foresee a bank holiday. If the bond market should improve and industrials become profitable to investors, your Government bonds are going to be unloaded on the market and a drop of 15 or 20 points will wipe out the capital and surplus of your banks and they will close up.

I hope to speak more fully on this question during the debate on this bill.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the balance of the time to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, may I pay a little testimonial to the Chairman of the Banking and Currency Committee? Money and financing at best is a very abstruse subject and I suppose its abstruseness is the reason why so many millions of us fail to accumulate very much, but in like proportion banking and currency bills are things that tax the patience of Job and the tolerance of a saint to preside over the deliberations of a committee that has to do with that kind of a subject. We have had no end of witnesses before the committee, ranging from the Governor of the Federal Reserve Board to Dr. Spahr, of New York University, and including Mr. Frank Vanderlip, at one time a reporter on the Chicago Tribune and later president of the National City Bank of New York; Mr. James Rand, of Remington Rand, and a great many others.

Mr. Speaker, sometimes it is very bewildering; after you have listened to all these experts you feel something

like an expert yourself. Close attention then becomes necessary and a host of problems present themselves for a solution. I want to say on behalf of the committee that the Chairman of the Banking and Currency Committee has dealt very kindly and courteously with the Members of the minority and has shown a rare and gentle patience.

He has been very deferential to our wishes, firm and yet courteous in his treatment, never resisting or denying at any time full and open opportunity to be heard.

I believe I voice the sentiments of the entire committee, when I pay him my respects and my tribute here this afternoon for the gentlemanly and kindly and efficient and expeditious way in which he has presided over the deliberations on this bill that started on the 21st of February, over 9 weeks ago, and have been continued ever since. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

THE LATE CLYDE KELLY

Mr. DARROW. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DARROW. Mr. Speaker, it is with deep regret that I announce to the House the death today of our late colleague and friend, Hon. Clyde Kelly, who faithfully and conscientiously served Pennsylvania in Congress for a period of 20 years.

It was shortly after 9 o'clock this morning in Adrian Hospital at Punxsutawney, Pa., that Clyde Kelly received the final summons.

Before entering the public service Mr. Kelly was engaged in newspaper work in Braddock, Pa., where, at the age of 21, he founded the Braddock Leader, and 3 years later purchased the Daily News and Evening Herald.

He served as a member of the State legislature from 1910 to 1913; was elected to the Sixty-third Congress; then to the Sixty-fifth Congress, and continued such service until the conclusion of the Seventy-third Congress.

Mr. Kelly was known to all of us as one of our most painstaking and hardest workers. He will especially be remembered for the deep interest he took in postal matters, and his death will be deeply mourned not only by his former colleagues but by the large host of friends he made, not only in his district and State but throughout the Nation.

Mr. QUINN. Mr. Speaker, death is always shocking, but when it comes with the suddenness of the dash of a wave or the crash of thunder it leaves one appalled, and today when I learned of the death of my predecessor, the Honorable Clyde Kelly, words cannot express my profound regret at his untimely passing.

For 20 years he served as a Member of this honorable body, the Representative of the Thirty-first District of Pennsylvania, the world's greatest industrial center and developed a Nation-wide reputation and countless thousands of admirers by his tireless energy and unselfish devotion to the causes he espoused.

Our political differences and views were as wide apart as the poles, but none can deny and all did admire his courage to stand by his conviction.

Twenty years he served in this House and throughout all that long period he displayed his obligation to the masses of the people and disclosed that feeling by his legislative work. He did not seek to win the approval of the unthinking by unjust attacks on any class. He represented all and gave every legitimate assistance in his power to the things he believed right.

No simple words of mine can pay him adequate tribute. His record of achievement is written high on the roll of honor in the history of the State and Nation he loved and served so well.

We think of the sad might-have-been 'mid our tears, but God knew what was best and took him away from the oncoming years. Peace to his ashes, rest to his soul.

Mr. MEAD. Mr. Speaker, as Chairman of the Committee on the Post Office and Post Roads, with which our dear friend Mr. Kelly, of Pennsylvania, became associated many years ago, and speaking for the members of that committee, may I say that in the loss of this distinguished former colleague we feel the country has lost its best informed legislator on postal problems. Author of a number of books on postal policy, publisher of many illuminating and enlightening statements, he was of tremendous value to our committee, as well as to the House, and his contributions to the upbuilding of this great business Department of the Government stands out in the record unsurpassed, in my judgment, during the life of the American Congress.

Mr. Kelly was the father of the air mail. He was extremely interested in the personnel of this Department, concerned with all of its various ramifications and in all the deliberations of the committee a spirit of partisanship was never manifested by him. We respected his great ability, admired his personality. He was studious, energetic, kindly, and lovable—a splendid character, a true friend. The Congress has lost a great counselor, the Post Office personnel a great champion, and his State and the Nation one of its foremost citizens. We Members of the majority feel most keenly this loss, and every member of our committee will join me in extending our sincere sympathy to the members of his family. Clyde Kelly was my friend, and I cannot express the loss I have suffered by his passing.

Mr. GOLDSBOROUGH. Mr. Speaker, I suggest the absence of a quorum, and make the point of order there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. ARNOLD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 62]

Adair	Dempsey	Kennedy, Md.	Rich
Bacon	DeRouen	Kennedy, N. Y.	Rogers, N. H.
Bankhead	Dickstein	Kerr	Sabath
Barden	Disney	Kvale	Sadowski
Beam	Dockweiler	Lambertson	Schuetz
Berlin	Doughton	Lamneck	Schulte
Bloom	Doutrich	Lee, Okla.	Sears
Boehne	Ellenbogen	Lemke	Seger
Brooks	Farley	McClellan	Shannon
Buckley, N. Y.	Fernandez	McCormack	Short
Burdick	Fish	McGroarty	Sisson
Burnham	Flannagan	McMillan	Somers, N. Y.
Cannon, Wis.	Focht	McReynolds	Starnes
Carden, Ky.	Fulmer	McSwain	Sumners, Tex.
Cartwright	Gambrill	Maloney	Tobey
Casey	Granfield	Marcantonio	Tolan
Celler	Greenway	Martin, Mass.	Treadway
Christianson	Greever	Meeks	Underwood
Claiborne	Griswold	Monaghan	Wadsworth
Clark, Idaho	Guyer	Montague	Walter
Clark, N. C.	Haines	Montet	Werner
Cochran	Halleck	Moritz	West
Connery	Hamlin	Nichols	White
Cooley	Hartley	O'Brien	Wilson, La.
Cooper, Ohio	Hennings	Oliver	Wilson, Pa.
Cravens	Higgins, Conn.	O'Malley	Withrow
Crosser, Ohio	Hill, Knute	Perkins	Wood
Crowther	Igoe	Pettengill	Woodruff
Culkin	Imhoff	Peyser	
Cummings	Johnson, W. Va.	Polk	
Daly	Keller	Randolph	

The SPEAKER. Three hundred and nine Members have answered to their names. A quorum is present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

BANKING ACT OF 1935

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STEAGALL. Mr. Chairman and members of the Committee, the bill under consideration has three titles. The first relates to the provisions of the Banking Act of 1933, which provides for the establishment of a corporation to insure bank deposits.

Under the act of 1933 a plan was provided which would insure all deposits up to the amount of $10,000 in full, and afford insurance to the amount of 75 percent of deposits between the amount of $10,000 and $50,000, and insurance of 50 percent of all deposits in excess of $50,000.

The act provided for a fund which is made up of subscriptions to the capital stock of the corporation by the Treasury of the United States in an amount equal to the sum paid into the Treasury by the Federal Reserve banks in lieu of a franchise tax amounting approximately to $150,000,000.

A further sum to be made up by the subscription to capital stock of the corporation by the Federal Reserve banks to an amount equal to one-half of their surplus of approximately $147,000,000.

Additional capital would be obtained by the assessment upon the banks to be absorbed by subscriptions for stock in the corporation based on the total deposits of the banks. The total capital would be about $350,000,000.

That act provided that in case the funds of the corporation were reduced to an amount equal to less than one-quarter of 1 percent of all deposits of participating banks, it would be the duty of the board to assess all participating banks the amount of one-quarter of 1 percent of total deposits to replenish the insurance fund. The corporation was authorized to expand its capital three times by issuing obligations, making a maximum fund of about $1,400,000,000. That act was to become operative on the 1st of July 1934.

Another provision in the act of 1933 established a temporary insurance fund insuring all participating banks to the amount of $2,500, for each individual depositor, to be operative from the 1st day of January 1934 to the 1st day of July 1934. Under the temporary plan the initial capital stock was supplemented by assessments upon all participating banks not to exceed one-half of 1 percent, to be collected in installments.

Under both the permanent and temporary plans provided for in that act, all national banks, and all State member banks of the Federal Reserve System were to be automatically covered into participation in the benefits of the insurance fund.

State nonmember banks were to be insured upon application upon certification of solvency by the duly constituted State authorities and examination by the insurance corporation, showing to the satisfaction of the board that such banks were in solvent condition.

The bill as passed by the Senate contained a provision requiring State nonmember banks to become members of the Federal Reserve System as a condition precedent to participation in the benefits of the insurance fund under the permanent plan. The bill as it passed the House had no such requirement. A compromise in conference was reached which made that requirement effective on the 1st of July 1936.

In 1934 another act was passed, which provided for the continuation of the temporary insurance plan for a period of 1 year, but raising the amount of insurance for each individual depositor to $5,000 and extending until July 1, 1937, an additional year, the time within which nonmember banks should be permitted to remain as members of the Deposit Insurance Corporation fund, after which they should be required to join the Federal Reserve System.

The bill now before the House provides for the permanent continuance of insurance of deposits up to the amount of $5,000 for each individual deposit, and the assessment hereafter, under the new bill to be levied against the participating banks, is to be a fixed, specific assessment of one-eighth of 1 percent upon the total deposits of all participating banks, relieving the banks of the liability to assessment under the permanent mutual plan established in the first act, which would hold the banks liable to respond in amounts equaling one-fourth of 1 percent of the total deposits to replenish the fund in the event it should be reduced to an amount less one-fourth of 1 percent of all the deposits of all participating banks.

Under the bill now before the House nonmember State banks would be admitted to participation in the insurance fund upon terms of equality with national banks, State member banks of the Federal Reserve System, upon application, after a thorough examination by the Board of the Corporation and ascertainment by the Board of the soundness of the capital structure of such bank and that its assets are adequate to enable it to meet all its liabilities. All members of the temporary insurance fund are transferred into the permanent fund by the provision of the bill. The capital of the Corporation under the plan provided in the bill before the House will remain the same as heretofore, except that assessments paid by participating banks are not to become part of the capital stock of the Corporation. The Corporation may issue obligations in three times the amount of its capital. Such obligations shall be fully guaranteed by the Government of the United States. The requirement that State nonmember banks should become members of the Federal Reserve System after the 1st of July 1937 as a condition precedent to membership in the deposit insurance fund has been eliminated by the bill now under consideration.

Mr. BIERMANN. Will the gentleman yield?

Mr. STEAGALL. Yes; I yield.

Mr. BIERMANN. In other words, does that mean, if this bill is adopted, that a State bank will hereafter not have to join the Federal Reserve System?

Mr. STEAGALL. That is the provision of the bill now before the House.

Mr. BIERMANN. It will not have to join the Federal Reserve System in order to get the benefit of this insurance?

Mr. STEAGALL. That is correct.

Mr. EDMISTON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. EDMISTON. Is there not a time limit within which State banks may become a member?

Mr. STEAGALL. There is no such requirement under this bill.

Mr. DUFFEY of Ohio. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. DUFFEY of Ohio. They will have the privilege to join, will they not, however?

Mr. STEAGALL. Of course, their privilege of membership in the Federal Reserve System will continue. I was about to say in that connection that under this bill provisions for the admission of nonmember banks in the Federal Reserve System have been liberalized, so that the Federal Reserve System may waive requirements embodied in existing law, as to capital and other provisions, before the admission of State nonmember banks into the System.

Mr. ARNOLD. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. ARNOLD. Is there anything in this bill that prevents nonmember banks from obtaining full benefits under the Federal deposit insurance law?

Mr. STEAGALL. Not under the bill now before the House.

Mr. ARNOLD. They can stay out of the Federal Reserve System and still get the benefits under the Federal deposit insurance?

Mr. STEAGALL. Absolutely, under the provisions of the bill now under consideration.

Mr. SWEENEY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SWEENEY. Is that irrespective of their capital structure?

Mr. STEAGALL. There is no limit except such as I have indicated.

Mr. ARNOLD. It has just been called to my attention that eventually they will be required to come in. That is what I wanted to get clear in my own mind.

Mr. STEAGALL. Not under the provisions of the bill now before the House.

Mr. ARNOLD. Will this change existing law that will avoid the necessity of them coming in later on?

Mr. STEAGALL. I am not sure that the gentleman's question clearly indicates what he has in mind, but there is in existing law, a provision which would require State nonmember banks to join the Federal Reserve System by the 1st of July 1937 if they are to remain participants in the insurance fund.

Mr. ARNOLD. I understand that.

Mr. STEAGALL. Under the bill submitted to the House and now under consideration, that requirement has been removed.

Mr. ARNOLD. I am very glad to hear that.

Mr. STEAGALL. In that connection let me say I do not care at this time to enter into any extended discussion of this question of membership of nonmember banks in the Federal Reserve System as a condition upon which they may share in the benefits of the insurance fund. I will say in this connection that on three or four different occasions this House expressed itself on that question and in each instance the House voted overwhelmingly in favor of the admission of State nonmember banks into the insurance fund without requirement that they become members of the Federal Reserve System.

It was in deference to that sentiment in the House, as well as the views of members of the Committee on Banking and Currency who felt the same way, that the provision was incorporated in the bill now before you, relieving nonmember banks of that requirement. That matter was fought out as an issue between the two Houses of Congress. Some Members of the Senate at least, were of the opinion that all banks should be required to join the Federal Reserve System, if permitted to share in the benefits of deposit insurance. That view was expressed in the bill as it passed the Senate.

The other view was embodied in the bill that passed the House, and in conference a compromise was reached by which the time for the requirement of membership in the Federal Reserve System on the part of nonmember State banks desiring membership in the deposit fund should be extended to the 1st of July 1936, a period of 3 years; and then last year, when the temporary insurance plan was extended for a year, the same provision as to the requirement of membership in the Federal Reserve System by nonmember State banks was extended another year, giving them until July 1, 1937, within which to join.

Mr. PATMAN. Will the gentleman answer this question: Is it not a fact that Governor Eccles recommended that the existing law remain in regard to requiring State banks to become members of the Federal Reserve System by 1937?

Mr. STEAGALL. It is not.

Mr. PATMAN. He did not recommend it?

Mr. STEAGALL. This is what happened: The bill before the House, as agreed upon by the interdepartmental committee which had part in framing the legislation, made no reference to that question and did not seek to deal with it in any way. The provisions of the bill were designed to accomplish certain changes in existing law, and no change was proposed in that regard. The existing law was simply left undisturbed.

Mr. PATMAN. Did he testify in regard to the particular feature that we are now discussing?

Mr. STEAGALL. I was not present during the entire time that Governor Eccles testified before the committee. I do not think I can answer the gentleman's question specifically because I was away some of the time and not privileged to be present at all the hearings, nor have I had the opportunity of reading all the hearings conducted in my absence. For this reason I should prefer to consult the record to be sure of accuracy.

Mr. PATMAN. It is a fair question, though, to ask the chairman of the committee to state how the committee voted on this proposition.

Mr. STEAGALL. It is my recollection that on the final vote in the committee on which this question was tested out on a motion of the gentleman from Missouri [Mr. WILLIAMS], there were five voting against the motion. The members of the committee will remember whether I am accurate in my recollection——

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HANCOCK of North Carolina. The gentleman has correctly stated the number of votes in opposition to striking out the provision requiring banks to come into the Federal Reserve System; but I am sure the gentleman, by refreshing his recollection, will remember the Governor of the Federal Reserve Board several times before the committee testified in favor of requiring nonmember State banks to come into the Federal Reserve System. The record is replete with his testimony to this effect.

Mr. STEAGALL. I have not stated that the Governor of the Federal Reserve Board did not express the view that at sometime nonmember State banks should be required to join the Federal Reserve System.

Mr. BEITER. Mr. Chairman, will the gentleman yield for a question?

Mr. STEAGALL. I yield.

Mr. BEITER. Are there any provisions in this bill guaranteeing 100 percent the deposits of municipalities or school districts?

Mr. STEAGALL. No.

Mr. BEITER. There is no such provision in the bill?

Mr. STEAGALL. No.

Mr. BEITER. And none under the Federal Deposit Insurance Act?

Mr. STEAGALL. The Deposit Insurance Act insures up to $5,000 of each individual deposit.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. COX. I believe the gentleman in his report on this bill states that it would protect about 98½ percent of the entire depositors of the country.

Mr. STEAGALL. The figures seem to disclose that under the plan now proposed deposits would be insured in full covering something like 98 percent of the number of depositors in the country and probably 33⅓ to 40 percent of the total amount of deposits. Fourteen thousand banks are members of the Deposit Insurance Corporation. About 1,100 State nonmember banks are not members of the Deposit Insurance Corporation.

Mr. COLDEN. Mr. Chairman, will the gentleman yield before he passes that point?

Mr. STEAGALL. I yield.

Mr. COLDEN. I believe the gentleman stated the bill in its present form would insure about 98 percent of all depositors.

Mr. STEAGALL. Of the number of depositors in full.

Mr. COLDEN. And the gentleman also made the statement that it would insure about only 35 percent of the amount of the deposits.

Mr. STEAGALL. An amount between 33⅓ to 40 percent.

Mr. COLDEN. That would indicate, then, that 2 percent of the depositors own about 60 percent of the deposits.

Mr. STEAGALL. The figures, as I remember them, disclosed that about 800,000 depositors own nearly 60 percent of all bank deposits of the country, and that the total number of depositors is something like 50,000,000.

Mr. SWEENEY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SWEENEY. Was the extension of insurance to nonmember banks influenced by the fact that the R. F. C. now owns the capital stock of 5,000 banks, some of which are nonmember banks in cities of less than 5,000 population?

Mr. STEAGALL. I assume that the gentleman has hardly expressed accurately what he desires to say.

Mr. SWEENEY. Approximately 5,000.

Mr. STEAGALL. I understand the gentleman to mean that the Reconstruction Finance Corporation owns a portion of the capital of these banks.

Mr. SWEENEY. The R. F. C. owns the majority of the capital stock of 5,000 banks. I stand on this statement.

Mr. STEAGALL. I am not advised as to that.

Mr. SWEENEY. I want to know whether the committee was influenced by this fact.

Mr. STEAGALL. I may say to the gentleman that the R. F. C. has supplied more than twice the amount of aid to member banks of the Federal Reserve System than it has to the nonmember banks. But this has all been done since the passage of the act for insuring deposits.

I do not care to pursue this discussion, but I think it should be stated that the Chairman of the Board of the Federal Deposit Insurance Corporation, Mr. Crowley, very clearly expressed the view that it would be unwise and destructive to require nonmember banks to become members of the Federal Reserve System before having their deposits insured. I shall refer to an extract from his testimony.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. GOLDSBOROUGH. Where was this testimony given?

Mr. STEAGALL. This is his testimony before the Senate subcommittee. At that time he said there were 5,387 banks that could have qualified on June 30 and 2,134 banks that could not. The deposits in these 2,134 banks amount to $502,000,000. This would indicate quite clearly, I think, in reference to these banks referred to by the chairman of the Board of the Deposit Insurance Corporation as being unable to obtain membership in the Federal Reserve System at this time would be forced to close if excluded from the benefits of deposit insurance because of failure to join the Federal Reserve System. If we are to judge the future by the past, 2,134 banks could not be closed automatically without closing a large number of other banks as a result.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. Will the gentleman advise the Committee why those banks were not able to qualify for membership in the Federal Reserve System, and will he also state to the Committee that under the bill before the House at this time all capital requirements are waived so that the banks that are undercapitalized may seek admission into the Federal Reserve System?

Mr. STEAGALL. The gentleman's inquiry would involve a discussion that would probably be unwise and certainly unnecessary and unfortunate if we were called upon to name each individual bank listed by the chairman of the Board of the Corporation.

Mr. HANCOCK of North Carolina. The gentleman knows that I was not seeking that information.

Mr. STEAGALL. I understand. I have not the information in full, but I may say to the gentleman that the rights of the Federal Reserve System to waive requirements on the part of nonmember banks applying for membership does not relate alone to the fundamental questions of solvency. The desirability of continued operation of a bank in the situation of the applying bank and other inquiries determine the question of admissibility to membership in the Federal Reserve System.

The Federal Reserve bank before admitting any bank into the System looks upon the whole surroundings, the entire portfolio of the applying bank, its capital structure, its management, the community it serves, its competition, whether or not there is a chance for a bank to earn a livelihood in the community, and upon all of these considerations the Federal Reserve bank determines whether or not the connection of a State bank with the Federal Reserve System is a desirable thing for the Federal Reserve System, because the Board of the Federal Reserve bank is not the guardian of the independent nonmember banks of the United States. On the contrary, it is their business and duty to look first as conservative bankers to the best interests of the Reserve bank itself.

Mr. COX. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Georgia.

Mr. COX. I am wondering if the gentleman's committee was divided on that provision of the bill extending the privilege to nonmember banks of participating in the insurance fund or if they were divided to the extent that it is a controversial matter in this debate?

Mr. STEAGALL. There has never been in the committee of the House any substantial controversy as to the desirability of admitting nonmember banks to the benefits of the deposit-insurance fund.

Mr. COX. I had reference to the gentleman's committee sponsoring the legislation. Was that subject controversial within the committee itself?

Mr. STEAGALL. It has not been heretofore.

Mr. COX. If it is not a controversial matter, it seems to me that we might devote this time—and it is valuable—to a discussion of some other features of the bill, because we are being taken far afield.

Mr. STEAGALL. The gentleman's suggestion is very appropriate.

Mr. COX. I am not criticizing the gentleman. I thought the gentleman desired to pass over that matter, but was led into a full discussion of it. If it is not controversial, we should not spend so much time on it.

Mr. STEAGALL. I have not entered into a full discussion. What I have said arises out of what the gentleman may understand as the situation in the committee, which disclosed the votes in the committee favoring the proposition that we should ultimately require membership in the Federal Reserve System on the part of nonmember banks.

Mr. COX. I was particularly anxious that the gentleman might be privileged to push his argument a little farther on.

Mr. STEAGALL. I thank the gentleman.

Mr. MAY. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Kentucky.

Mr. MAY. The gentleman will recall that when the Federal Reserve System was first organized we had a lot of suits in this country where the Federal Reserve Board undertook to coerce banks to become members of the System. As I understand the gentleman's statement now, this bill provides that the Federal Reserve System may reject their application to become members in the System?

Mr. COX. Will the gentleman yield further? I think if the gentleman will examine the legislation he will find that there is a liberalization in it instead of a restriction.

Mr. STEAGALL. Yes; I have attempted briefly to call attention to the fact that this bill liberalizes the provisions for membership in the Federal Reserve System; but there never was any requirement and could not be any requirement by an act of Congress that required State-chartered nonmember banks to join the Federal Reserve System. The law had a provision which permitted nonmember banks to join upon application and upon meeting certain requirements.

Mr. FIESINGER. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Ohio.

Mr. FIESINGER. I want to clarify something that has been said here. The gentleman stated if there was a requirement that the bank should come into the Federal Reserve System about 2,000 nonmember banks would have to fold up.

Mr. STEAGALL. I predicate that statement upon the testimony of Mr. Crowley, chairman of the Federal Deposit Insurance Corporation. I have no doubt the statement is correct.

Mr. FIESINGER. It was not on the question of solvency that they would be compelled to close up, but because of conditions imposed by the Federal Reserve System, which did not have anything to do with solvency?

Mr. STEAGALL. I cannot say what the facts are.

Mr. FIESINGER. I should hate to think we had 2,000 banks in this country that were insolvent.

Mr. STEAGALL. That would be one of the questions involved. Of course, we have no way here of knowing how many of those banks would find it difficult at that point; but the testimony of the chairman of the Federal Deposit Insurance Corporation is to the effect that we have that number of State nonmember banks that are not prepared to join the Federal Reserve System now.

Mr. FIESINGER. I have taken the view that all banks ought to be members of the Federal Reserve System, but I can see now, with the Federal Deposit Insurance Corporation, it is not so necessary to have them belong to the Federal Reserve System.

Mr. STEAGALL. There is another thing I want to bring out. If we were to require State nonmember banks to join the Federal Reserve System, unless we desire to precipitate the difficulties pointed out by Mr. Crowley, of which he has peculiar knowledge, the only prudent thing on the part of those who may desire and who may hold the view that nonmember banks should ultimately be brought into the Federal Reserve System is to approach that task with care and caution and work it out with the knowledge of all the facts and in a way that will accomplish the desired result without risking the destruction of a large number of State banks in the United States. Such an act would be dangerous at this time, and no matter how desirous it may be to have all State banks join the Federal Reserve System, ultimately no one can say now when such a change can be prudently and safely undertaken.

Mr. FIESINGER. One of the reasons I took that view and now take that view is that in the administration of these banks that have been closed up, the national banks and banks that belong to the Federal Reserve have shown results incomparably better than the administration of the State banks. The administration of the State banks has not paid out nearly as well as the national banks, and it is the saving of assets and the depositors' money that I am looking after.

Mr. STEAGALL. I think I must profit by the suggestion of my friend from Georgia and not spend quite so much time on this phase of the discussion, because I see that I am going to consume much more time than I desired.

Mr. MAY. If the gentleman will yield for one further question, which is closely related to the last question, I would like to ask the gentleman whether or not it imposes any additional restrictions on admissions of banks into the Federal Deposit Insurance Corporation other than the restrictions put in the act of 1933, which required certain populations in the different towns and, I believe, a capitalization of $50,000 before they could become eligible for such membership. Is there any change in that requirement?

Mr. STEAGALL. The requirement was not so strict as the gentleman states. In the act of 1933 the rule laid down as a test for membership in the Deposit Corporation by a nonmember State bank was solvency, and under that all State banks except 1,100 joined the Federal Deposit Insurance Corporation. Under the existing law these requirements are tightened and solvency alone is not the test, but the bank is required to show a proper, sound capital structure and ability to meet its obligations outside its capital stock. This applies to banks hereafter applying for membership in the Federal Deposit Insurance Corporation.

Mr. MAY. The gentleman means under the pending bill rather than existing law?

Mr. STEAGALL. Under the pending bill; yes.

Let me leave this phase of the matter for the moment. It will be remembered that the plan to insure bank deposits did not meet with universal favor in the banking world. I shall not review that contest now, although I was engaged in the struggle for quite a number of years before final enactment of the first bill in this House in 1932.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. COX. As I recall, it was through the efforts of the gentleman, extending over a period of 14 or 15 years, that such a result was accomplished, and in my judgment, and I think in the judgment of a majority of the people of the country, this measure has done more than any other bill that has been enacted in the past 3 years to strengthen our banking system and to bring about recovery.

Mr. STEAGALL. I thank the gentleman for his statement and for his kindly reference to me. I may say I have thousands of letters and messages from various sections of the Nation voicing the view he has expressed.

Mr. COX. It was the salvation of the small banks of the country.

Mr. STEAGALL. I want to call attention, not in a controversial spirit but because it has a proper place in the record of these developments, to the fact that the House passed a bank-deposit insurance bill in 1932. It embodied a plan for the insurance of State nonmember banks upon terms of equality with national and member banks and without discrimination against any nonmember bank because of its capital structure or the fact it was not a member of the Federal Reserve System. The gentleman was here and had something to do with the fight at that time in the interest of State nonmember banks in the United States and played an important part, for which he deserves the thanks of his State and the Nation. That bill failed of passage in the Senate.

In 1933 we passed a bill that I had the honor to introduce, which was finally worked out in a compromise of the views of Members representing the two Houses of the Congress. I have explained briefly what that was. I want to read to the Committee a resolution passed by the American Bankers Association at their annual meeting in Chicago in the fall of 1933, following the passage of the banking act of that year:

> The American Bankers Association hereby records its deliberate judgment that the dangers involved in attempting to initiate at the beginning of 1934 the provisions for deposit insurance contained in the Banking Act of 1933 are genuine and serious. It holds that the whole project for deposit insurance embodied in that law should be reconsidered, and it reiterates its conviction that the postponement of the first phase of the project is of first importance.

The resolution called upon the President of the United States not to permit the act to become operative.

Immediately after the assembling of Congress in 1934, during the period in which limited insurance of $2,500 for each depositor was in effect, the bankers, through their representatives, by letter and in person expressed hearty approval of the extension of the plan permanently, limited to the amount of $2,500 for each depositor; but we raised the amount to $5,000 insurance for each depositor under the bill that extended the temporary plan for 1 year. This year the bankers, practically without exception, have declared that the plan for insurance of deposits to the amount of $5,000 for each depositor should be made a permanent law.

Under the temporary plan of insurance deposits of $2,500 each we did not have a single bank failure in the United States of any bank that participated in the insurance fund during that 6-month period of 1934. [Applause.] Down to this hour, a period of nearly 1½ years, 6 months of the time being covered by the first temporary plan and the other period in which we have insurance at $5,000, we have had only 11 bank failures in the United States of banks that belonged to the Federal Deposit Insurance Corporation. Six of these failures grew out of defalcations.

Mr. MAY. From the inside.

Mr. STEAGALL. Three of them involved no loss to the Federal Deposit Insurance Corporation. The losses sustained in the others amounted to a little over $300,000 since the enactment of the law, effective the 1st of January 1934.

Deposits in United States banks have increased from seven and one-half billion dollars to $10,000,000,000.

Mr. MAY. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Kentucky.

Mr. MAY. Can the gentleman tell us approximately the number of banks that failed during 18 months preceding the guaranty law?

Mr. STEAGALL. I have not the figures, but we had a wave of bank failures unprecedented in the history of the

country. It culminated in the collapse of the whole bank structure in March 1933. Ten thousand banks had gone down in failure over a period of less than 10 years.

The officials of the American Bankers Association assure us that the banks of the country were never in so sound a condition as that which they enjoy at this hour. What of the dire predictions made at the Chicago convention as embodied in the resolution which I have just read? The plain fact is that the experience of these recent years has demonstrated quite clearly that our leaders of the banking world do not possess the infallible wisdom which we have been accustomed to ascribe to them. It is manifest that they are the victims of the same limitations and weaknesses under which the rest of mankind suffers. In any event, whatever else may be said, the resolutions adopted by the Chicago convention last year lend poor support to any contention that our bankers possess the gift of prophecy.

The public will not fail to note that at the first annual meeting of the American Bankers Association, 1 year from the passage of the resolution adopted at Chicago and following the first year of the operation of the Federal Deposit Insurance Corporation, during which period the Nation for the first time experienced relief from the distress and suffering incident to bank failures, there is to be found no official recognition of these happy developments by the Washington convention. It is a source of gratification to all of us that conditions have so improved that our friends, the bankers, seem to have forgotten the resolution adopted in Chicago in 1933. It is even more gratifying to know that a vast majority of the bankers of the Nation appreciate and approve what has been done for the elevation of banking.

In the light of what has transpired it would be folly to expect any system in the future to command public confidence, or to operate successfully without a guaranty upon which citizens may rely for the return of their deposits. The time has come when depositors who appear at the window of a bank will demand to know if the institution has its deposits protected by the Federal Deposit Insurance Corporation.

The Nation will never cease to remember the constructive service of Hon. J. F. T. O'Connor, both during the struggle for the enactment of the legislation and as Comptroller of the Currency and member of the Board, who bore the chief responsibility in laying the foundation for the remarkable success with which the act has been administered. Mr. Cummings, the first chairman of the Board and Mr. Crowley, who now serves so efficiently in that capacity, have placed the Nation under an immense debt of gratitude to them.

I want to call attention to that, not in faultfinding, but it is a little remarkable that at the first national meeting of the Banking Association in Washington, 1934—when at the meeting in Chicago they denounced the law and called on the President not to permit it to become operative—at the next meeting at the national convention at Washington—for the first time in a quarter of a century they gathered at the National Capital, after the banks of the country had gone through a period without a bank failure—as I say, they met at Washington and forgot the resolution at Chicago in 1933; they made no mention of what they had done at Chicago.

Mr. MAY. Will the gentleman further yield?

Mr. STEAGALL. I yield.

Mr. MAY. Does the gentleman have any information as to the number of banks out of the 11 he mentioned a while ago that closed up by reason of fear or lack of confidence, or was it bad assets?

Mr. STEAGALL. Let me say that no man in a position of responsibility in the banking business or in a Government position need hang his head in shame because of the unsoundness of our banking system or that solvent banks have been forced to close because of the lack of insurance of bank deposits. No solvent bank will be forced to close, nor will bankers refuse legitimate loans because of the fear of runs and withdrawals of deposits.

Mr. SWEENEY. The gentleman stated that there were several thousand bank failures. Does the gentleman know how many of those banks were members of the Federal Reserve System?

Mr. STEAGALL. I have not those figures in my mind—I cannot carry them all in my mind. I will be glad if the gentleman has them to supply them. For the moment, I do not remember those figures.

Mr. FIESINGER. I think about 1,100.

Mr. STEAGALL. I think that is pretty nearly accurate.

Mr. FIESINGER. I think Mr. O'CONNOR said that the other day at a meeting.

Mr. STEAGALL. Let me say this: The Federal Deposit Insurance Corporation has been operating at a profit of nearly a million dollars a month for the first year and a half, and the Corporation could pay a substantial dividend on the capital stock if it was desired to do so.

Mr. HEALEY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HEALEY. I would like to have it appear that the depositors in the 11 banks that the gentleman referred to received 100 cents on the dollar of their deposits.

Mr. STEAGALL. That is substantially true.

Mr. MICHENER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MICHENER. As the gentleman knows, I have agreed with him for a number of years on guaranteed bank deposits. If we had had that, we would not have been where we were, in my judgment; but the gentleman has referred to the lack of stability on the part of banks since we have had this deposit insurance.

Now, as a matter of fact, every bank in the country was closed following the language of the President, and before a bank was permitted to open it must be shown to be a sound bank. Therefore, all of the banks having this insurance have gone through the wringers before they got the insurance, and we started out with banks with sound assets when we insured them. So I do not think we can take a whole lot of credit yet because a bank, if it was opened, should not have failed unless there were defaults, as the gentleman has suggested.

Mr. STEAGALL. The gentleman has called attention to a phase of the matter that has its proper place in this discussion. We could not expect to continue to show such a record as has been made during the first year and a half of the operation of the Federal Deposit Insurance Corporation. If I seem to have exaggerated in my statements it grows out of the fact that what I have undertaken to say is in connection with the dire predictions that were made by the American Bankers Association at their annual meeting in Chicago in 1933.

Mr. MICHENER. The gentleman understands I do not agree with the American Bankers Association.

Mr. STEAGALL. Oh, I am sure of that. I do not mean to criticize the American Bankers Association or the bankers of this country. The bankers have not escaped suffering. I do not think they are worse than the rest of us. I do not desire to say unkind things about our bankers. But I wish Members of Congress and the country could understand that these men in the banking world do not know everything just because they represent big business interests. They make their mistakes just like all the rest of us.

I did not intend to consume so much time on title I of the bill. I have not analyzed all the provisions of title I. I will undertake to supplement what I have stated regarding title I, by some further technical explanation of its provisions.

A nonmember bank may withdraw from the plan as of June 30, 1935, by giving notice to the Federal Deposit Insurance Corporation within 30 days after the enactment of the bill, and notice to its depositors not less than 20 days before June 30, 1935. Insurance of a State nonmember bank is also terminated on June 30, 1935, unless before enactment of the bill, the bank filed the statement showing its deposits as of October 1, 1934, and paid the assessment

as of that date, as required by existing law. A bank's insurance is also terminated as of June 30, 1935, if prior to the enactment of the bill it has permanently discontinued banking operations.

The Federal Deposit Insurance Corporation directors are authorized to terminate the insured status of a bank for continued unsound practices or repeated violations of the law or regulations to which the bank is subject. A statement of such violation must first be given the Comptroller of the Currency in the case of a national or district bank, the State supervisory authorities in the case of a State bank, and also the Federal Reserve Board in the case of a State member bank, for the purpose of securing a correction of such practices or condition. If correction is not made within such period, not exceeding 120 days, as the Comptroller, State authority, or Board, as the case may be, shall require, the Federal Deposit Insurance Corporation directors, if they determine to proceed further, shall give the bank not less than 30 days' written notice of intention to terminate its insured status, and fix a time and place for hearing. If the bank does not apear, or if the Federal Deposit Insurance Corporation directors make a written finding (such written findings to be conclusive) that any ground specified in such notice has been established, the directors "may order that the insured status of the bank be terminated." The Corporation may publish notice of the termination, and the bank must give notice to its depositors in the manner prescribed by the directors.

After such termination, the insured deposits of each depositor in the bank on the date of termination, less subsequent withdrawals, remain insured for 2 years; and during that period the bank must continue to pay assessments like any other insured bank and remains subject to all other duties of an insured bank. However, no additional deposits are insured, and the bank must not advertise or hold itself out as having insured deposits unless it states with equal prominence that deposits received after the date of termination are not insured. When the insured status of a bank is thus terminated, if it is a State member bank the Federal Reserve Board shall terminate its membership in the Federal Reserve System in accordance with the provisions of section 9 of the Federal Reserve Act; and if it is a national bank the Comptroller shall appoint a receiver for the bank (which shall be the Federal Deposit Insurance Corporation if the bank is unable to meet demands of its depositors).

Any insured nonmember bank, upon not less than 90 days' written notice to the Federal Deposit Insurance Corporation, may terminate its status as an insured bank, with continued insurance of existing deposits for 2 years as noted above in the case of expulsion.

Assumption of the liabilities of an insured bank by another bank terminates the insured status of such insured bank with like effect as if terminated as above, except that if the insured bank gives its depositors notice of such assumption within 30 days thereafter, in the manner prescribed by regulations of the Federal Deposit Insurance Corporation directors, the insurance of its deposits completely terminates at the end of 6 months, and all future obligations of the bank to the corporation also terminate. In lieu of the limited power of examination given the Federal Deposit Insurance Corporation in the existing section 12–B (y), the bill permits the Federal Deposit Insurance Corporation examiners, whenever considered necessary, to examine any State nonmember bank which is insured or seeking insurance, and also any closed insured bank. With the written consent of the Comptroller of the Currency, they may also examine any national or district bank and with such consent from the Federal Reserve Board, any State member bank. In addition to the usual powers of examination, these examiners have power to administer oaths, take and preserve testimony under oath and apply to court officials for subpenas to compel the production or taking of testimony.

The Federal Deposit Insurance Corporation is authorized to publish, in such manner as it may determine, any part of the report of such an examination of an insured bank, except a national or district bank, if such bank fails to comply with the recommendations of the Federal Deposit Insurance Corporation based on such report of examination, for a period of 120 days after written notice of such recommendations. Not less than 90 days' notice of intention to make such publication must be given.

Insured State nonmember banks, except district banks, are required to make condition reports to the Federal Deposit Insurance Corporation in such form and at such times as the Federal Deposit Insurance Corporation directors may require, and the directors may require publication of these reports. Failure to make or publish such a report within such time, not less than 5 days, as the Federal Deposit Insurance Corporation directors may require, subjects a State nonmember bank to a penalty of $100, recoverable by the Federal Deposit Insurance Corporation for each day of such failure.

Prior written consent of the Federal Deposit Insurance Corporation is required for an insured bank to consolidate or merge with a noninsured bank, assume liability for the deposits of a noninsured bank, or transfer assets to a noninsured bank in consideration of the assumption of liability for any portion of its deposits. Such consent is also required for an insured State nonmember bank, except a district bank, to reduce the amount or retire any part of its common or preferred stock or capital notes or debentures.

The Federal Deposit Insurance Corporation directors may by regulation require insured banks to protect themselves against insurable losses by carrying burglary, fidelity, and similar insurance; and, if an insured bank fails to comply with such requirements, the Federal Deposit Insurance Corporation may contract for such protection, adding the cost to the assessment otherwise payable by the bank.

The requirement of existing law that insured banks display a sign indicating the insurance of their deposits is extended to require that they also include such information in advertisements relating to deposits and in forms furnished for use of depositors. A definite penalty of $100, recoverable by the Federal Deposit Insurance Corporation, for each day of violation of this provision, is substituted for a mere authorization to the Federal Deposit Insurance Corporation to impose a penalty not exceeding that amount in its regulations on the subject.

Upon the closing of an insured bank, the Federal Deposit Insurance Corporation need no longer organize a new bank in all cases, as a means of paying off the insured deposits. It may follow this method, or it may pay off such deposits by transferring them to another insured bank in the same community or by any other procedure adopted by the Federal Deposit Insurance Corporation Directors. The provision is added that if a new bank is organized it must be organized in the same community. However, in certain circumstances, the Federal Deposit Insurance Corporation Directors may change the location of the new bank to the Federal Deposit Insurance Corporation office or some other place. Obligations guaranteed as to principal and interest by the United States are made eligible investments for such new banks.

Through claim agents the Federal Deposit Insurance Corporation may investigate claims for insured deposits, such claim agents having power to administer oaths, take and preserve testimony under oath, and apply to court officials for subpenas to compel the production or taking of testimony. Except as the Federal Deposit Insurance Corporation directors may prescribe, neither the Federal Deposit Insurance Corporation, a new bank, or a bank to which insured deposits have been transferred by the Federal Deposit Insurance Corporation, need recognize a claim to a part of a deposit not appearing on the closed bank's records as partly owned by the claimant, if it would increase the aggregate insured deposits of the closed bank. The Federal Deposit Insurance Corporation may withhold payment of an insured deposit to the extent necessary to insure payment of a stockholder's liability or any other sums due from a depositor to a closed bank, which are not offset by a claim due from the bank.

Payment of an insured deposit discharges the Federal Deposit Insurance Corporation, a new bank, or a bank to which the Federal Deposit Insurance Corporation has transferred an insured deposit, to the same extent that payment by the closed bank would have relieved the closed bank from liability for the insured deposits; and failure of a depositor to claim an insured deposit within 1 year after the appointment of a receiver for a closed bank bars the depositor's claim for insurance, leaving him merely the claim he would have had against the closed bank's estate if his deposit had not been insured.

The depositor and the Federal Deposit Insurance Corporation, under the bill, will participate proportionately in the dividends from the liquidation of the closed bank, whereas, under existing law, the Federal Deposit Insurance Corporation receives complete repayment before the depositor begins to receive dividends on the uninsured portion of his deposit.

The Federal Deposit Insurance Corporation need not give bond as receiver of a national or district bank, may appoint agents to assist in such duties, and subject to the approval of the Comptroller of the Currency, may fix the fees and expenses for such liquidation and administration. In order to simplify administration, the Comptroller may relieve the Federal Deposit Insurance Corporation from compliance with his receivership regulations.

In the event of a vacancy in the office of the Comptroller of the Currency, the Acting Comptroller is authorized to act on the Federal Deposit Insurance Corporation Board of Directors in his stead; and in the absence of the Comptroller of the Currency any Deputy Comptroller may, within the limits prescribed by the Comptroller, act as a member of the Corporation's Board of Directors in his stead.

The capital structure of the Federal Deposit Insurance Corporation is altered by the bill. Instead of consisting of 3 kinds of $100 par value shares, 2 of which types were to be held by the Treasury and the insured banks, respectively, and were to receive 6-percent dividends annually, the stock is to be that subscribed for before enactment of the bill—that is, by the Treasury and the Federal Reserve banks—and is to be no par value. None of the stock is to pay dividends, just as now provided with respect to stock issued to the Federal Reserve banks; and all stock in the Corporation is to be nonvoting. One share is to be issued, or exchanged and reissued, for each $100 of consideration, and the Federal Deposit Insurance Corporation directors are to allocate this consideration to the Corporation's capital or surplus as they deem desirable. Since the insured banks are no longer to own stock in the Federal Deposit Insurance Corporation, provisions for varying the Corporation's capital stock with variations in the insured banks' deposits, or upon the insolvency of insured bank, are eliminated.

The approval of the Secretary of the Treasury is made a prerequisite to the issuance of bonds or other obligations of the Federal Deposit Insurance Corporation and the amount of such obligations the Corporation may have outstanding is changed from three times its capital, to three times the amount received in payment of its capital stock and of the first annual assessments of the insured banks. The Secretary of the Treasury is authorized to deal in the Corporation's obligations as a public-debt transaction, and proceeds of securities sold under the Second Liberty Bond Act, as amended, may be used for such purpose or securities may be issued thereunder for that purpose. Obligations guaranteed as to principal and interest by the United States are made eligible for investment of the Corporation's funds.

The Federal Deposit Insurance Corporation's duty to purchase the assets of banks which closed before its creation is ended; and, similarly, the power of bank receivers to apply to the Federal Deposit Insurance Corporation for sales of or loans on the assets of closed banks is changed to apply only to receivers of closed insured banks, rather than to receivers of all closed member banks. If the Federal Deposit Insurance Corporation is also receiver of the closed bank, the loan or purchase must first be approved by a court of competent jurisdiction.

To avoid threatened loss to the Federal Deposit Insurance Corporation, or to encourage mergers or consolidations, and so forth, the Federal Deposit Insurance Corporation, until July 1, 1936, may lend upon or purchase the assets of any insured bank or guarantee another insured bank against loss by reason of assuming the assets and liabilities of an insured bank. National and district banks or, with the approval of the Comptroller of the Currency, conservators thereof, are given the necessary authority to contract for such loans from or sales to the Federal Deposit Insurance Corporation.

The Federal Deposit Insurance Corporation is given access to examination and condition reports made to the Comptroller of the Currency and the Federal Reserve banks. It may accept reports made by or to State bank supervisory authorities, and it may furnish to the Comptroller, the Federal Reserve banks, or such State authorities, examination, or condition reports made by or to it.

The routine operating expenses of the Federal Deposit Insurance Corporation (excluding payments such as insured deposits, expenses of acting as receiver, actual loans, expenses in running new banks, and so forth) must conform to estimates approved by the Director of the Budget and accounts necessary for this purpose are to be maintained on the books of the Treasury.

This concludes my discussion of title I of the bill, and brings us to a consideration of title II of the bill.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. STEAGALL] has expired.

Mr. COX. I trust the gentleman will not ask unanimous consent to conclude his argument on title II, but that he will reserve that for, perhaps, tomorrow. However, if the gentleman wishes to go on, I am sure he can obtain unanimous consent. I think title II is the most important title of the bill, and there should be a better attendance here. I know the gentleman can obtain unanimous consent if he wishes to continue. Would the gentleman wish to continue now?

I am particularly anxious that the gentleman shall discuss title II, but I do not want to see him do so under the disadvantage that he operates under at this particular time. There should be a better attendance.

Mr. O'CONNOR. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'CONNOR. What was the request of the gentleman from Alabama?

The CHAIRMAN. There is no request pending. The gentleman from Alabama has consumed 1 hour. Does the gentleman desire to prefer a unanimous-consent request to continue further?

Mr. STEAGALL. I think I shall yield the floor at present to other gentlemen and resume my discussion at some future time. [Applause.]

Mr. HOLLISTER. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I am very glad to be asked to follow the able Chairman of the Committee on Banking and Currency, a man who has devoted his entire time in this House to the leadership of that important committee, who has made a thorough study of banking; and I am happy to serve with him, although belonging to the other party. He has been fair to the members of the committee. He is big-hearted, kind, cooperative, and I agree with him in most everything except he is a dyed-in-the-wool Democrat and I am an unrepentent Republican. I am sorry he feels compelled to support this measure as an administration measure and to place more power in the hands of the Chief Executive, in defiance of the fundamental principles of his party, of the old Jeffersonian party.

I came here today to listen to the gentleman discuss title II; but unfortunately he did not reach title II. I am expected to answer the gentleman on that particular title. I do not know what my friend the gentleman from Georgia [Mr. Cox] is trying to do, but it is a little embarrassing when you prepare to answer the remarks of the chairman of the committee on title II to have him defer his argument on title II for the time being. So instead of that, I shall

spend a few minutes in replying, in a general way, to the radio speech made last night on the state of the Union by the President of the United States, covering most everything, including banking, and omitting nothing except the A. A. A. and the antilynching bill, which is now being attacked in the Senate by the Democratic leadership.

I only do so in a somewhat humorous vein, because there were a few headlights in that speech, according to the New York Times, in which the President is quoted as saying that conditions were vastly better; that people were happier, and practically that the depression had changed into recovery. Such a statement would be humorous if it were not actually so terribly tragic and pathetic out of the mouth of the President.

Mr. O'CONNOR. Mr. Chairman, I make the point of order that the gentleman must confine his remarks to the banking bill. Under every rule brought into this House as long as I remember there has been a provision in the rule requiring that the remarks must be confined to the bill. I shall object every second to any remarks that the gentleman makes which do not pertain to the Banking Act of 1935.

The CHAIRMAN. The gentleman will proceed in order.

Mr. FISH. Then, Mr. Chairman, I shall have to confine myself not only to title II of the pending bill but to a statement of the finances of the country under the present operation of the Federal Reserve System.

What is the situation? The situation is that the administration has no policy, no policy except to pile debt upon debt, to borrow billions, more billions, and still more billions without any attempt to extinguish the debt or to avoid the inevitable day of reckoning and bankruptcy. If this vicious system of borrowing billions persists we are headed straight for inflation, chaos, ruin, insolvency, and repudiation. In the remarks of President last night he made this statement, "While our present and projected expenditures "——

Mr. O'CONNOR. Mr. Chairman, I make the point of order the gentleman cannot read anything on the floor without unanimous consent.

The CHAIRMAN. The point of order is sustained. The gentleman will proceed in order.

Mr. FISH. I will memorize it. [Laughter.]

He says that we must now consider making provisions for the future, provisions to raise taxes to pay for this wild squandering of money. But when and how does the President propose to levy additional taxes or balance the Budget? This new-deal administration, since it has come into power, has issued about $15,000,000,000 of bonds, including $4,800,000,000 that was just authorized; and it is appealing to the banks to take these bonds and the banks are taking them and other Government securities and Treasury notes that are being continuously issued until today the banks hold in some instances as much as 40 percent—some banks have as much as $200,000,000—of these securities. There are approximately $30,000,000,000 of Government bonds outstanding and about 50 percent are owned by the banks and Federal Reserve System. The banks are terrorized. You did not see any bankers coming here and daring even to denounce title II. They are paralyzed with fear. I do not stand here speaking for the bankers. In my humble opinion there are no more cowardly people in America, although I cannot blame them for being complacent and quiescent. They are scared to death because they know that the Government already controls the banks even in spite of this proposed centralized-bank bill that just places another nail in the coffin and gives the Executive and the Federal Reserve Board just a little bit more power, although they have sufficient power at the present moment to do almost anything they want to banks and bankers. Were the Federal Government in any way to manipulate these bonds through the Treasury Department or Federal Reserve Board, so that they went down 10 points or 15 points, practically every bank in the United States would be ruined and would be forced into bankruptcy automatically. The bankers have got to play ball wtih the administration; and they do not even dare to come here and protest against this mammoth centralized-bank-control bill. If the bill were twice as vicious, if title II were twice as bad, eyen then the bankers would not dare open their mouths. As it is, some of these big banks, like the Chase and the City National, have borrowed $50,000,000 from the R. F. C.; and I am informed that 99 percent of the securities owned by the Federal Reserve Banking System is in Government bonds and notes.

If these bankers want to borrow from the Federal Reserve and their collateral is not quite as good as it should be, if the paper is not quite as sound as it ought to be, the Federal Reserve System can shut right down on them. That is the real danger of placing political control in the Federal Reserve Board and over both money and credit.

I do not go quite as far as some people who say that this bill aims to nationalize the banks, the currency, and credit, and is the first step to socialism and communism. Lenin always said that the first step to communism is the nationalization of banks, credit, and the currency. Certainly this procedure is consistent with other steps of the new-deal administration; it is a direct step toward state socialism and in defiance of every Jeffersonian principle. It is a revolutionary procedure as far as the Federal Reserve System is concerned, which was the creature, the baby, the pet of the real Jeffersonian party under Woodrow Wilson and which has functioned admirably. It should be amended in some respects but in a disinterested manner, not a political way. I am not for control of the Federal Reserve System by the bankers, nor, on the other hand, am I in favor of its control by politics. Some 60 economists recently suggested that there ought to be a committee, a commission, or a board created to give the most intense and disinterested study to title II, in order to revise our entire banking system and put it under fair and disinterested control, not banking control, nor Presidential or political control. I believe that is the attitude of the Republicans. The gentleman from Ohio [Mr. HOLLISTER], the ranking Member on the Republican side, probably will speak tomorrow on the details of the bill; but I believe I express at least the general sentiments of our objection to title II: That we do not want the control of the banks to be political nor do we want the bankers to control, but we want it in a disinterested group. You can add a disinterested member or two to the Federal Reserve Board, representing business and the economists. It takes so much time for worthwhile intensive study that a small group ought to be studying this question for the next year and then present sound, disinterested recommendations, not political or banking viewpoints, but policies that will improve our banking system and protect the people's money from selfish or political control and abuse.

I would strike out all of title II, but I know it cannot be done, for this is an administration measure. You Democrats, with a 3 to 1 majority, are going through with it regardless of whether it is right or whether it is wrong, because, unfortunately, in the last election, for the best interests of the American people and our American system based upon the initiative of the individual and private profit, unfortunately for you, too, my friends on the Democratic side, you pledged yourselves at a time when popular feeling was in favor of the President that you would uphold him in all things. Now that the time has come for you to deliver, you are going to have to deliver against the interests and wishes of your own constituents, whose feelings and views have been changing for the last 4 months. I know how they feel, for I have been among them and discussed matters with some of these Jeffersonian Democrats. They do not believe in turning more power over to the Chief Executive. I feel sorry for you, for I have nothing but the friendliest of feelings for all of you.

Many of you when you get back home and start explaining will find Jeffersonian Democrats looking for your job on the very ground that you were not sent here to be rubber stamps and defy Jeffersonian principles of government by turning over all legislative powers to the Executive, betraying thereby representative government, reducing Congress to a mere debating society with hardly any other function than to affirm the edicts and orders of the autocrat in the White House.

It would be a different matter if the Budget were balanced and there was confidence in the country. It would be different if we did not have 11,500,000 unemployed and 23,000,000 on the relief rolls. I know that the gentleman from New York [Mr. O'CONNOR] will not permit me to continue to reply to the President's radio speech under the rules of the House on the pending bill, but certainly that is not an evidence of recovery. That is what I started out to say, but I do not believe I can go any further without a point of order being made, so I will get back to section 2.

What are these banks doing? They are taking most of the bonds the Government is issuing, then with those bonds they either create currency or credit; then they buy more bonds. It is just a vicious circle. The Government gets the money for Government operations and it is diverted from private industry. If there is anything lacking, and I think everyone agrees with that regardless of partisanship, it is confidence, and what we want more than anything else is the restoration of business confidence. As soon as you have business confidence there will be a demand for credit to go into private industry in order to turn the wheels of industry and employ people. But there can be no business confidence as long as the Government insists on controlling and regimentating all business, small and large. But what is happening now? The banks are taking the money and with that money they are buying more bonds. They make a small profit. They may make 2 percent or 3 percent, and take no immediate risk. They load themselves down with all these Government securities and to that extent divert money from private industry which alone can solve the unemployment situation.

Mr. RABAUT. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Michigan.

Mr. RABAUT. Does not the gentleman know that the type of speech that he is making now and putting in the RECORD is one of the causes for lack of confidence in the country?

Mr. FISH. We might as well settle that issue right now. I want to know from the gentleman whether it is treason in this country to tell the truth. Does the gentleman mean to say that the American people back home are not entitled to know the facts?

Mr. RABAUT. They know the facts.

Mr. FISH. They know there is no confidence because they are beginning to find out that most of the new-deal policies are unsound. There is only one way to restore business confidence in America and that is by applying sound principles and American principles and stop experimenting at the expense of the people and increasing unemployment.

Mr. RABAUT. The gentleman just took the words right out of my mouth.

Mr. FISH. The gentleman does not want to hear the facts, but the people back home are entitled to them. That has been the whole trouble with this administration. Hundreds of publicity agents, agents paid out of the Treasury of the United States, have been getting out propaganda day and night in the press and over the radio in defense of the new deal, and making out to the people back home that Roosevelt and recovery were synonymous. The facts are beginning to seep through to the people and they are beginning to understand the deplorable situation and to realize in spite of the honey words, fireside chats, and propaganda that there are a million and a half more unemployed than there were a year ago. They are beginning to understand the unsound new-deal policies are retarding recovery and impoverishing the people; yet the gentleman claims the Republican opposition must remain silent or join the "new dealers" in deceiving the people. It is not only the right, but the duty of the opposition to expose the failure of these unsound, unworkable, and socialistic policies. He says, "No; do not say a word. Hush! You will destroy business confidence." No speech of mine or any other Member of Congress will destroy business confidence. Business confidence is destroyed by unsound experiments and not by those who expose their failures. That is the only way to correct them and to eradicate the cause.

All I can say is I am sorry there are not more people in the gentleman's party like Senator Glass, Senator Byrd, Senator Tydings, Bainbridge Colby, Governor Talmadge, and I can mention a lot of others, including Huey Long, but he can speak for himself.

Mr. RABAUT. So can the rest of the party.

Mr. FISH. As Professor Kammerer, of Princeton, said: "I have been trying to find out what the financial policy of the Democratic Party is for the last 2 years, and I have been unable to do it." He says: "It is like trying to nail a custard pie to the wall. It just does not stick."

Now, you come in here with title II of the banking bill which simply rivets upon the banks more tyranny, and places more power in the hands of the President. Today the banks are terrorized; they are fearful of moving one way or the other, either because they are afraid they cannot get a loan from the Federal Reserve banks when necessary, or because through manipulation of the Secretary of the Treasury, Government securities will go so low as to put them out of business and then the Government will own all the banks. If Government bonds or securities dropped 10 percent it would mean virtual bankruptcy for most of the big banks.

No one yet has given us the reasons for granting more control to the Federal Reserve Board and establishing a political control. I had hoped that the chairman would speak on title II. May I ask who wrote title II? Who was the author? Who sponsored it? What are the reasons? Why should the President of the United States be given additional power? Why should the Federal Reserve Board be turned into a political machine? What is the hurry? We do not anticipate another panic at this time. Can we not wait and solve this problem the way it should be solved, for the best interests of all concerned, instead of for political interests? We have already turned over to the President the making of tariff schedules. We have given him the power to regulate money. We have turned over the purse strings of the Congress. Now we propose to say to the President: "Here is full power and control over the banks, currency, credit, and the wealth of the country", including the people's money, not the Democratic money, not partisan money, but the people's money. This is exactly what title II does.

I would have preferred to have heard the Chairman of the Banking and Currency Committee give his reasons first as to what title II does before trying to answer him. That would be the proper procedure. But the gentleman talked for an hour and did not touch on title II, which is the most controversial part of the bill.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. Will the gentleman kindly analyze section 2 for the benefit of the Members?

Mr. FISH. I think title II, as the gentleman probably knows, gives political control, and that is the only part to which I seriously object, to the Federal Reserve Board, which in turn controls the Federal Reserve banks through the governors and the appointment of the governors, and in that way right down to the other banks which deal with the Federal Reserve System. I used the word "President." I might just as well have said the Secretary of the Treasury or the Federal Reserve Board. They are all synonymous. The President has the appointive power and he controls the Treasury; the Treasury controls the Board; they in turn control the Federal Reserve System, and the Federal Reserve System controls the banks, each with a little more power as provided in title II.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Maryland.

Mr. GOLDSBOROUGH. Will the gentleman explain to the Committee how the President controls the operations of the Federal Reserve Board and its various functions? The governors are appointed, as the gentleman knows, for a period of 12 years.

Mr. FISH. Yes; but when they resign, and many of them will resign, because of the pension feature of the bill——

Mr. GOLDSBOROUGH. They have not resigned in the past.

Mr. FISH. And the President has the power of appointment. The President has the appointment of the Governor of the Board and he likewise has the appointment of the members, and may I further point out that this bill provides for a new and more advantageous pension system.

Mr. GOLDSBOROUGH. He appoints the Governor, but the Governor is a member of the Board for 12 years. He can remove him as Governor, but not as a member of the Board.

Mr. FISH. And the Governor of the Board, as I understand it, also controls directly the appointment of the governors of the Federal Reserve banks.

Mr. HANCOCK of North Carolina. The gentleman is mistaken about that.

Mr. GOLDSBOROUGH. The gentleman is very much mistaken in that respect.

Mr. HANCOCK of North Carolina. The gentleman knows that the governor of each Federal Reserve bank is to be selected by the directors of the bank, with the approval of the Federal Reserve Board.

Mr. FISH. Yes; the Federal Reserve Board has to pass on the appointment, and no one can be appointed without its approval. That is why I am opposed to making a political machine out of the Federal Reserve Board.

Mr. GOLDSBOROUGH. There is a vast difference, and it is not the President.

Mr. FISH. Oh, no; not the President; but, as I said, I was using the President, the Secretary of the Treasury, and the Governor of the Federal Reserve Board in a synonymous way, because the President appointed the Governor of the Board, and the gentleman knows that as well as I do. We are not going to haggle or quibble about a matter of that kind. This centralized bank bill gives more power to the President. The chairman of the committee admitted it in a public speech the other day, and I had supposed that every member of the committee admitted that fact.

Mr. GOLDSBOROUGH. It does not give more power to the President, because the removal of the Governor of the Federal Reserve Board does not remove him from the Board. He still continues to be a member of the Board, and the only thing the President can do is to change the Governor.

Mr. FISH. He can change the Governor and he appoints every member of the Board. I do not say and I have not stated today that we are taking away legislative powers from Congress in this particular case except so far as it is difficult to rescind legislation or rewrite it over a Presidential veto. What I say is that we are giving more power to the President, to the Treasury Department, and to the Federal Reserve Board to rivet their political control over the banking system and currency and credit, and that it is unwholesome, dangerous, and un-American.

Mr. GOLDSBOROUGH. How are we giving more power to the Treasury Department?

Mr. FISH. Because the Treasury is under the control of the Secretary and he will make recommendations with respect to membership on the Board, or I assume he will make such recommendations, to the President, as he has always done in the past. He already has gigantic powers over floating securities and stabilizing the value of the currency.

Mr. GOLDSBOROUGH. The Secretary of the Treasury has been a member of the Board ever since the Federal Reserve Act was passed.

Mr. FISH. Yes; and I suppose the Secretary of the Secretary of the Treasury will make recommendations to the President as to who is to be on the Board.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. PATMAN. Is it not in the interest of the people that the power to regulate money be in the President, the Secretary of the Treasury, and the Congress rather than a few private bankers, as it is under the existing system which we have now and have had for many years?

Mr. FISH. I thought the gentleman realized that that power was supposed to be lodged in the Congress, and that we have delegated it very largely to the President to determine the value of money.

Mr. PATMAN. The gentleman realizes we cannot exercise that power until we have a unified banking system. Two-thirds of the banks now are State banks and Congress cannot exercise the power that the Constitution confers until we have a unified system, and this bill is a step in the direction of a unified banking system.

Mr. FISH. The gentleman and I must differ on that particular issue, although I want an improved banking system. I think the gentleman will find that even the Chairman of the Banking and Currency Committee admits that title II gives added power to the President and the Federal Reserve Board and sets it up as a more or less of a political machine, and probably this is why he did not discuss it this afternoon.

Of course, it takes it away from the bankers, and that may be all right. We are not complaining about that, but we are maintaining that the control should be in disinterested hands.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. FISH. I am sorry, but I cannot yield, even to a member of the committee, as my time is expiring.

Mr. HANCOCK of North Carolina. Please let me ask just one question.

Mr. FISH. If the gentleman is so insistent I shall have to succumb.

Mr. HANCOCK of North Carolina. How would the gentleman secure a disinterested body in this country to operate the banking system? What would be the gentleman's method of approach to that objective?

Mr. FISH. I tried to make it clear at the beginning of my remarks that I would appoint a committee or commission—and I would be very pleased to have the gentleman from North Carolina on it because he has given much time and a great deal of study to this problem—to revise not only the banking system, but the control of it, and then have the committee come back here with an entirely nonpartisan, disinterested solution, so the control would not either be in the hands of the bankers nor in the hands of the President or any political control. That is exactly what I have in mind.

Mr. HANCOCK of North Carolina. Who would name such a board?

Mr. FISH. Why should not Congress name it, why should not the resolution come from the Committee on Banking and Currency?

Mr. HANCOCK of North Carolina. Does the gentleman mean to write the names into the bill?

Mr. FISH. No; there should be one Member of the House, one Member of the Senate, one member representing the banking association, one representing the public—a disinterested group—and one representing the Federal Reserve Board.

Mr. HANCOCK of North Carolina. Has the gentleman ever made any such suggestion to the Committee on Banking and Currency?

Mr. FISH. I do not know whether I made a direct suggestion to the committee, but I think that it has been done by the gentleman from Ohio [Mr. HOLLISTER], who is the Republican spokesman of the committee.

Mr. HANCOCK of North Carolina. A very able man.

Mr. FISH. Very able and industrious. Now, I am somewhat handicapped this afternoon because my good friend from New York [Mr. O'CONNOR] does not realize the fact that you have to go outside of Washington to see what is going on; to get a picture of what is going on you have to go outside of the city of Washington.

Mr. KOPPLEMANN. That is what the President said last night.

Mr. FISH. Precisely. You have to go out to sea on a big yacht so as to understand what the people are doing and thinking about. Of course, Congress is still in Washington,

and is still trying to legislate. We are now trying to legislate, but this is the wrong place, the worst place, the President says, to get a view of the country as a whole, in spite of the fact that the whole country is being run from Washington; yet he says he must go fishing or to Hyde Park, a fine Republican town in my district, to think quietly about the country and find out what is actually going on. [Applause.]

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee determined to rise; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, and had come to no resolution thereon.

STATE ALLOTMENTS UNDER THE COTTON CONTROL ACT

Mr. KELLER. Mr. Speaker, I ask unanimous consent for the present consideration of the House Joint Resolution 258, to provide for certain State allotments under the Cotton Control Act.

The Clerk read the bill, as follows:

Joint resolution to provide for certain State allotments under the Cotton Control Act

Resolved, etc., That section 5 (a) of the act entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes", approved April 21, 1934, as amended, is amended by inserting before the period at the end of the first sentence thereof a colon and the following: "*Provided further*, That no State shall receive an allotment for any crop year beginning with the crop year 1935–36 of less than 4,000 bales of cotton if during any one of the 10 crop years prior to the date of the enactment of this act the production of such States exceeded 5,000 bales."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. SNELL. Reserving the right to object, does the gentleman think that this is really an emergency matter?

Mr. KELLER. Yes; we want to know what the allotments are before we plant.

Mr. PATMAN. Mr. Speaker, if this refers to cotton I would like to know what it is.

Mr. KELLER. When we had the cotton-industry bill up I was permitted to put in an amendment giving Illinois 4,000 bales. That amendment was accepted.

Mr. PATMAN. Has the gentleman consulted the chairman of the committee about this?

Mr. KELLER. Yes, I have; and this was put in the RECORD 10 days ago.

Mr. PATMAN. And he had no objection?

Mr. KELLER. No; none at all.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion by Mr. KELLER to reconsider the vote was laid on the table.

YOUR POCKETBOOK AND TRANSPORTATION

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a speech by the gentleman from Oregon [Mr. PIERCE]. delivered over the Notional Broadcasting Co. last Thursday.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KNUTE HILL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of Hon. WALTER M. PIERCE, of Oregon, at Washington, D. C., April 25, 1935:

It is a curious fact that methods of transportation remained practically unchanged from the very dawn of history to almost recent times. In the very shadows of the beginning we find boats propelled by sails, navigating the Mediterranean and the Nile. Early in historic times we find the wheel in use. Only during the last century has the world entered the era of mechanical methods of transporting freight, human beings, and news. When the seat of government was located on the Potomac, the clumsy stagecoach and the riding horse were the only methods in use for bringing to this National Capital from the farms and villages of our country those privileged to visit the scene of national activities. Every community at the birth of this Nation dreamed of having a ditch filled with water, called a "canal" upon which boats could be drawn by horses or mules. Our ancestors thought this the modern method of transporting freight from place to place.

A hundred years ago, when Jackson was President, venturesome men were starting to lay the bands of steel that were destined to bind this Nation together. I am just wondering if those who engaged in transportation by canal or stagecoach did not at that time look with apprehension upon the coming of this new method of transportation. I wonder if men financially interested in those very early enterprises ever sought for some method by which their financial investments could be saved from bankruptcy? As our ancestors progressed in their knowledge in the use of steam and the metals they made possible the building of more efficient railroads, and for a time ruined canal and river transportation.

As time progressed, that group interested in finance, commerce, and industry, grasped the opportunity of capitalizing and manipulating the aggregation of these units of capital, that were necessary to promote, build, and synchronize the railroad transportation of the country. An accurate history of the period marked by railroad development will chronicle shameful doings in the financial world, transactions which have no parallel in our story of economic development. These were the deeds of men who forgot everything else as they struggled to gain control, a complete and ruinous control, of the railroads. These Titans, whose power extended with each mile that rails advanced, exploited the land for the last possible penny. "The public be damned" was the slogan under which they conducted their frenzied grabbings. A bond issued for every railroad tie, capitalization beyond all reason, with often enough, little or no reference to honest investment or income-earning power—these were marked features of railroad operations. Traffic rates were then pegged at levels high enough to cover the cost of operating expenses and to pay dividends upon millions of dollars representing the face value of watered bonds and stocks. With the rising railroad rates, fixed by the monopolists in their effort to get money and still more money, came public rebellion against those rates. That rebellion finally resulted in regulation of the railroads by the United States Government through the establishment of the Interstate Commerce Commission.

Just join me for a moment to consider the word "regulation." Whenever you come upon the existence of regulation you come upon the existence of control. And where you find control you find one of three things: Establishment of a monopoly, safeguarding a monopoly, or displacement of a monopoly by a new monopoly. I realize how often I have repeated the word "monopoly", but it is just as well that I did so, because that word denotes the very thing which is today the center of the great transportation controversy—a controversy that involves the contents of our pocketbooks. With the growing manufacture and use of automobiles came the inception and growth of the campaign for better roads. It was a campaign which embodied so much power and which was backed by so great a display of public demand that it was simply irresistible.

The number of men engaged in automotive transportation equals, if it does not exceed, the number of men employed by the railroads. The railroads were and are a natural monopoly. Every firm desiring it could not have its own cars, and transport them over lines of steel, as the originators dreamed they would do a hundred years ago. The highways and waterways are not a natural monopoly; they are open to free competition. Anybody and everybody should be allowed to use them by conforming to reasonable rules and regulations. Such regulations should not govern rates.

The main reason for the difficulties which now face the railroads is not the development of highway transportation. It is to be found in the fact that the railroads were overcapitalized through greed. During the period through which this overcapitalization has been in process they have failed to discard obsolete methods. The sole object of the railroads has been to pay big dividends to the holders of their stocks and bonds. In connection with that fact it must be remembered that the railroads are controlled by the big banks. There are in the United States today approximately 270 railroads, all controlled by about a dozen banking groups, among the leaders of which are J. P. Morgan & Co. and Kuhn-Loeb & Co.

Now, the ears of the Nation's producers, shippers, and consumers are filled with the loudly proclaimed doctrine that unregulated competition between different kinds of transportation is as greatly to be feared by the public as unregulated monopoly. Chief among the prophets who are dinning this doctrine upon the public ear is Mr. Eastman, the Federal Coordinator of Transportation. His name is used for the bill that passed the Senate last week with little consideration and without a roll call. That bill (S. 1629) proposes to place highway transportation within a strait-jacket of regulation that has been designed by those who seek to regain for the railroads some vestige of the monopoly they once enjoyed. We who pay the freight wonder from what banking house this unique doctrine emanated.

Those who shout this dictrine at us would be only too glad if we would forget the time-proven fact that competition is the very life of trade. And they would be equally glad if they would make us forget that to competition may be traced every impulse and desire to improve—every impulse and desire that has led to the commercial and industrial developments which have brought to the United States a distinction among nations.

Now Congress is confronted with proposed legislation to destroy the beneficial effects of competition by regulating through Federal authority all common and contract motor carriers engaged in interstate commerce, all water transportation, and that which is air borne. Legislation pending in Congress requires a certificate of public convenience and necessity for all such carriers as I have indicated. The only exemptions are those individuals or firms which transport their own products in their own vehicles, and these operators are to be standardized by this same infallible Interstate Commerce Commission.

Who is asking for this? It surely is not the shipper. He has now the choice between water, motor, and railroad transportation, depending upon his location. He surely will not be benefited, but most seriously harmed by such regulation. It surely cannot be the consumer who asks this because the natural tendency of unregulated transportation is lowering of costs, and what the consumer desires, above all other things, is low cost for the commodities he consumes. Surely it cannot be the farmer who is desiring this regulation, for he naturally believes in competition; neither can it be the ordinary truckman or busman who is working for hire. The vast majority of them are small operators, owning on the average two trucks or less. They do not want to have the burden of applying for a certificate of public convenience and necessity. They do not wish to be obliged to start and stop at certain hours, at certain stations, be allowed to go only to certain places, and be paid a financial reward to be fixed in Washington. The independent truck owner, above all persons, would object to such regulation if he knew its ultimate effects.

Before going further, let me clear away a misapprehension which exists in the minds of many persons who have read or heard about the rising opposition to the Federal regulation of highway transportation proposed in the measure now before Congress. This measure, known generally as the "Eastman bill", is not a measure which deals with the control of size, weight, and speed of trucks and busses, nor does it concern itself with the effort to see that all such vehicles are equipped to provide the greatest possible safety upon the highways. Those among my listeners who have been led to believe that this bill has as its purpose the increase of convenience and safety on the Nation's highways should know that the measure is directed toward a different goal. Everybody who has voiced opposition to the Eastman bill advocates reasonable and proper regulation of motor vehicles for the purpose of promoting safety and convenience on the highways. Do not, therefore, allow anyone to make you think that the type of regulation proposed by the Eastman bill is anything but the type of regulation that seeks to foster a transportation monopoly which will increase the Nation's transportation bills and will unjustly take money out of our pockets.

The railroads know that enactment of this bill will have the effect of boosting highway transportation rates. And they hope that the boosting of those rates will enable them to regain some of the traffic they have lost, because they bled the traffic for all it would stand during the days when they had a monopoly on transportation.

Let us take a look at this proposed legislation which would so vitally affect all of us, if it were permitted to become a law. The declared purpose of the bill is to "improve the relations between, and coordinate transportation by regulation of motor carriers and other carriers." Use of the words "improve" and "coordinate" in this bill means simply that the measure's purpose is to make the situation in motor transportation just like the situation in railroad transportation. That means that highway transportation rates will be boosted to the same level as railroad rates. Railroads have to charge these rates in order to make any kind of profit in the face of their high interest charges, and other burdens, created as a result of their wild financial orgies of other days. Do you think, for one minute, that the railroads would be fighting tooth and nail for enactment of this Eastman bill if they thought it would have any other effect than to raise rates? They certainly would not.

You can look through the text of this legislative proposal, from one end to the other, and you will not find anything that will give protection against excessive rates to users of highway transportation. You may be able to find something that looks as if it might afford that protection, but if you study the text carefully, you will reach the conviction that the bill is directed toward fixing minimum rates and not toward control of maximum rates.

Every cotton grower and shipper knows that rail rates for transporting cotton were decreased on account of truck competition. Fruit and vegetable growers and shippers well know how the reasonable rates afforded by highway transportation have enabled them to keep their heads above water during the recent troublesome years. Every livestock man knows that at least 40 percent of the livestock shipments in this country today are moving to market by highway transportation.

The National Cooperative Milk Producers Federation estimates that this bill, if enacted by Congress and approved by the President, will result in increased hauling charges to the dairy farmer of between fifty and sixty-eight millions of dollars a year.

It would be necessary to call the roll of virtually all the classes of producers and shippers in the United States, if one were to attempt to cite those which have been aided in these days of economic hardship by the economies and facilities that highway transportation affords. This highway transportation has brought relief from high railroad rates.

Ultimate users and consumers of goods that are transported—and that means you and me—are unable to ascertain what percentage of our living-cost bills must be charged to transportation. That fact keeps us from knowing how much highway transportation has meant to us in dollars and cents.

If the Eastman bill should be enacted, regulating commercial trucking, the next regulatory move would attack those of us who carry our own goods and materials in our own motor vehicles.

It is evident that when the railroads have managed to get the commercial trucks under Government regulation, they will have only begun their move to wipe out the honest competition which motor vehicles provide. No good citizen wants to see that sort of thing happen.

That is what is coming if the banker-controlled railroads have their way and get the Eastman bill enacted. Wall Street bankers, carrying on their books railroad stocks and bonds often listed at three times their actual value, are making a great effort to enact this bill. Since the World War noncompetitive railroad rates have been increased more than 50 percent. Now those who speak for the railroads demand 17 percent additional increase, or a net income of one-half billion dollars more each year. The bankers want their last pound of flesh. Already they have been powerful enough to borrow from our Government $450,000,000 through the Reconstruction Finance Corporation and nearly two hundred millions from the Public Works Administration, that custodian of sacred funds supposed to give work to the unemployed.

It is said by those who are deeply read on this subject and have given it much thought that the final solution is governmental ownership and operation of the railroads. If that time ever comes, the crime of all crimes will be committed if these broken-down railroad lines unload on the Government their much depreciated railroad securities at their fictitious values.

Mr. Eastman has said that he wishes to delay Government ownership. If it must come, why try to stop it? It is a false notion that this Government is going to pass out of this so-called "depression" in a few months, or even years, and that prosperity is to reign as it did in the past. We are living in a new era.

Why must our country regard as sacred an investment in railroad securities? Six million farmers invested in lands, horses, and farm wagons, buggies, and harness. They have seen these investments cut in half by the depression. Why is money invested in a railroad bond any more sacred than the investment of a farmer in Oregon or Illinois? It is treated as more sacred for the reason that these holders of bonds are generally closer to the Government and the powers that be than are the owners of isolated farm homes. Their voices, I find, are far more effective in legislative halls. That is the reason they could, without any consideration, pass the Eastman bill through the Senate.

Waterways and highways should be free. Freight rates by water are generally about one-half of what they are by rail. Twelve thousand miles of railroad have been abandoned since 1920, and at least twice as much should be abandoned now. Should the people make good the losses that have come to those who have been unfortunate in these particular investments alone? We want no transportation bureaucracy in this land. This legislation will nullify every sound and accepted navigation policy, and it will make transportation excessively expensive, which will seriously affect any return of prosperity to the masses.

The entire automobile industry pays one and one-quarter billions of dollars in taxes, and the trucking industry pays three hundred and twenty-five millions of this amount. The average commercial truck engaged in interstate hauling today pays $1,875 in taxes and licenses annually, which nearly equals the original cost of the truck. In face of such a contribution to the Public Treasury, why regulate them out of existence for the benefit of New York bankers?

On the Great Lakes, from Lake Erie ports to Lake Superior ports, a distance of 800 miles, the freight rate on coal is from 30 to 40 cents a ton. The railroad rate is $3. The railroad freight rate from Pittsburgh to Memphis on iron is $11.50 a ton; by water it is $4.50. Does anyone believe that if the bankers can succeed in putting over these bills such water rates will be allowed to stand?

The farmers of the Northwest are paying, in freight rates, three times as much as is paid by the wheat farmers for similar distances in the Mississippi Valley where there is water competition. The price demanded by the New York or Wall Street banker is too heavy for this Government to pay. It means the further impoverishment of the country for the benefit of the favored few; it means that one more link will be forged in the chain of slavery with which that group has bound us.

The bill regulating trucks has already passed the Senate, almost without any consideration. The Senate devotes hours and days to discussion of the most trivial subjects, but the regulation of the trucks and motor busses, which will affect not only the many employed in their operation, but also many millions of patrons, drew from that august body only the most casual consideration. The bill is now before the House.

You, whose pocketbooks would be affected if the Eastman bill were to be enacted, are in a position tonight to do something that will mean much to you. Your Representative in Congress is being flooded by telegrams and letters inspired by the bankers and the railroads, calling upon him to help put the Eastman bill on the law books of the Nation.

Your Representative knows there is another side to this whole affair, and he would like to know what you think about it.

Help your Congressman to fight this battle by telegraphing or writing him, telling him you want him to use every means at his command to stop the Eastman bill from becoming the law of this land. With evidence of your support of his action, your Congressman will let members of the House Committee on Interstate and Foreign Commerce, before whom the bill is now pending, know

that the people do not want a law that will make it necessary for interstate truck operators to apply to Washington for a certificate of public convenience and necessity before they may operate. Farmers, truck operators, stockmen, business men, write your Congressman to oppose the Eastman bill, S. 1629. Act for your own sake and in the interests of 95 percent of the people before it is too late.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to insert in the RECORD at the conclusion of my remarks today on the auto-liability bill, a memorandum prepared by the corporation counsel of the District of Columbia.

The SPEAKER. Is there objection?

There was no objection.

TAKE HAND OF GREED FROM THROATS OF PEOPLE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to insert in the RECORD a copy of speech I made on the public-ownership bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me at the Public Ownership Conference at the Willard Hotel, Washington, D. C., Monday, February 25, 1935, at a meeting presided over by the Honorable Carl D. Thompson, 127 North Dearborn Street, Chicago, Ill., executive secretary of the Public Ownership League of America:

Congress should reassume the privilege of issuing and distributing currency and Government credit and use such privilege for the purpose of paying off entirely the national debt, thereby saving about $1,000,000,000 a year to the taxpayers; refinance all debts of States, counties, road and school districts, and municipalities, and all districts institutions, and projects that are used wholly in the interest of the general welfare, representing public improvements or educational facilities in a way that no interest will have to be paid by these different divisions and organizations for the use of the Government credit for such purposes, thereby reducing the tax burden on farmers, home owners, and others approximately 50 percent.

BLANKET MORTGAGES

The people who own the real estate of this Nation pay taxes on what they owe and not necessarily upon what they own. Banks issue blanket mortgages on all this property in the form of currency and pay no interest for the privilege. These blanket mortgages should be issued in the interest of the people who own the wealth that is used to secure such blanket mortgages.

HOW TO GET PEOPLE INTERESTED IN MONETARY REFORM

You will accomplish absolutely nothing by merely talking about money and monetary reform. People will not pay any attention to you. But if you will show the people how they can get some of this money or benefit by reason of such reform, directly, purely a pocket-book and barrel-head proposition, you can get them interested, and accomplish something.

SUDSIDIZED PRESS

We cannot overlook the power of that part of the press that is controlled by selfish, greedy interests. Many newspapers are at the mercy of the powerful few who control the finances of this Nation. They print what they are told to print. If they do not, they will find themselves in the position of one large newspaper in a great city not so long ago. It failed to get the eight pages of advertising on a certain day in the week that it had always gotten. The advertiser had told the newspaper store to change his policy in which he opposed a certain candidate for office, and he refused. Later this policy was changed, and the advertising was resumed.

Less than 10 days ago in this country, the land of the free and the home of the brave, a newspaper chain that reaches forty or fifty million people every day, was compelled to change its policy in regard to monetary reform, and one of the greatest and most popular columnists, whose views are sound from the standpoint of the people, was put in the dog house so far as this monetary issue is concerned.

I am wondering what the outcome will be. The power of the great means of communication is unlimited, and with this power against you it takes a long time to sell a good cause to the American people.

MORE MONEY NEEDED

A sufficient medium of exchange is very much needed. In 1929, bank clearings in New York City aggregated $500,000,000,000; in 1933, only $157,000,000,000.

Chicago reduced from $36,000,000,000 in 1929 to nine billion in 1933. San Francisco, from eleven billion in 1929 to four billion in 1933. In Detroit, a reduction of from eleven and one-half billion in 1929, to two billion in 1933.

From 1926 to 1929, the demand deposits in banks subject to check averaged $21,000,000,000. In 1933 and 1934 the average was $14,000,000,000. The banks deliberately canceled and destroyed $7,000,000,000 of our circulating medium.

Now, many of us are called radicals and fools because we want to restore $2,000,000,000 of that circulating medium that the banks have destroyed. The same people who criticize us say it is all right for the banks to put credit into circulation, but they don't want the Government to put money into circulation instead.

PROTECT THE FINE JERSEY COW

In other words, they are like the farmer who was purchasing medicine at the drug store. The pharmacist was wrapping up the two bottles, which had been filled in accordance with two prescriptions. The farmer said, "Mark plain them bottles, which is for the wife and which is for the cow. I sure don't want anything to happen to that fine Jersey cow."

Our critics say, "Be careful about who puts the money into circulation. We don't want anything to happen to the great and powerful privilege that a few banks now have to use the credit of the Nation freely."

Although the money that people have to pay with has considerably decreased, and the purchasing power of the dollar has gone up considerably, property values have been destroyed. Interest payments that amounted to $4,000,000,000 in 1929 increased to four and one-half billion dollars in 1933.

PER CAPITA DEBT

Our per capita public debt in 1916 amounted to $11.96. In 1934 it amounted to $213.75. This includes the national debt at $27,000,000,000. It is now $28,000,000,000, and the interest on this debt will amount to over $6 per capita annually. If we pay 3 percent interest on the $28,000,000,000 the Government now owes, in 30 years the American people will have paid $38,000,000,000 in interest alone and will still owe the principal; and in 60 years we will have paid $130,000,000,000 in interest and still owe the principal of $28,000,000,000.

TAKE HAND OF GREED FROM THROATS OF PEOPLE

There is only one way to take this impossible and unfair burden off the American people, ourselves and our children, and that is to take from the throats of the American people the hand of privilege and greed.

There is only one reason why the American people tolerate for one moment the existing idiotic and imbecilic system of issuing and distributing currency and Government credit, and that is because they are not informed and have been misled by the press and newspaper writers, many of whom are bought and paid for.

BROADCASTING COMPANIES COMMENDED

With the proper use of the radio, this stranglehold can be broken and the people given the truth. I commend the broadcasting systems of this Nation for their liberal and generous use of time to speakers who are presenting the other side of questions that are not presented in many of the powerful newspapers of our country.

The people are entitled to the truth, and when they get the truth the country will be safe.

WORLD'S GREATEST RACKET

The world's greatest racket is the abuse of Government credit in the interest of a few.

Four tons of paper money a day is printed at the Bureau of Engraving and Printing.

Corporations pay no tax on Government bonds and the banks hold $16,000,000,000 of these bonds.

LOST OR DESTROYED MONEY

Today we have about five and a half billion dollars, theoretically, in circulation. That is, presuming that all the money that has ever been issued is still outstanding. That is not taking into consideration the fact that over a period of 75 years or longer much of this money has been lost or destroyed. We know that some of it was destroyed in the Chicago fire. We know that much of it has been lost in shipwrecks. We know that much of it has been burned and lost in other ways, and buried in the ground. Much of it has been hoarded by criminals, even. Often it is discovered that criminals years ago buried money which is just now being discovered. When the old bills, the large ones, were called in several years ago they were being replaced with new ones. About a year ago it was made known that $500,000,000 of that money had never been brought in for redemption. I do not know what the figures are now but there is a very large sum outstanding.

Other countries use our money. Poland and Cuba use our money almost exclusively. Many foreign governments and possessions use our money. Consequently, much of our money is not here at all but is in foreign countries. But theoretically and presumably we have five and one-half billion dollars in circulation.

BANKS HAD $1.75 TO PAY EVERY $100

When all the banks of the country closed in March 1933, the banks had in their vaults about $1.75 to every $100 that they owed their depositors. One dollar and seventy-five cents to every $100. That does not mean that was all the money they had access to, because in the Federal Reserve banks and other banks they had an additional sum, which, however, would not aggregate more than $2 to every $100 that they owed their depositors. Therefore, taking the two, they did not have, or have available, more than $3.75 in money to every $100 that they owed their depositors. You will wonder how they could do business. The reason is that the people do not all call for their money at the same time, no more than all people who are insured by life-insurance companies die at the same time. They were able to do business. But they, with that small amount of money, were doing a business aggregating hundreds of billions of dollars a year. Individual depositors were owed about forty-some-odd billion dollars when all the banks closed, almost $50,000,000,000.

PAY OFF NATIONAL DEBT WITH NEW MONEY

My theory is that you can pay off the National debt of this Government with United States notes—new money—and not disrupt our financial system if you will do it gradually, and at the same time increase the reserve requirements of banks. As it is today, those banks can extend loans amounting to $10, on the average, to every $1 that the bank has in its vault. We can change that. As we put additional money into circulation, we can say that hereafter a bank cannot loan more than $8 to every $1 or $5 to every $1 or $3 to every $1, and finally we can reach that stage, which I hope we will reach some day, where we will have 100 cents in money for every dollar that the banks owe their depositors. In other words, the banks would not be permitted to extend loans when they did not have the money with which to make the loans. They would only be permitted to extend loans when they had actual money to make them.

Under our system, money only represents about 5 to 10 percent of our circulating medium. The remainder is represented by bank credit, which we should control.

CHANGE RESERVE REQUIREMENTS OF BANKS

If you were to issue $20,000,000,000 in money and did not change the reserve requirements for banks, the banks could issue $200,000,000,000 in credit on that. But as you increase the volume of money, if you want a safety valve to prevent undue expansion of the currency, you should change the reserve requirements of the banks at the same time, and, if necessary, take actual money out of circulation. Then, if you need expansion, you can liberalize the reserve requirements and make it easier for credit to be put into circulation. I understand that if you inflate to the extent that there is fear in the minds of the people there will be flight from the dollar to commodities, but none of us hopes to go that far. We expect to have these safety valves along with all these measures so as to protect the people against undue expansion or inflation. There is much said about protecting the people from inflation but too little said about protecting them from deflation.

FAMOUS GOLD RESERVE

We have in the Treasury today $8,000,000,000 in gold. We could pay off our entire national debt and have a safe gold reserve and go back on the gold standard having more gold per dollar than the foreign countries of Europe have ever had to back up their currencies. And we could do this with our present gold supply of $8,000,000,000. We have $2,800,000,000 of gold in the Treasury, which is the Government's profit on revaluation of gold. It is included in the $8,000,000,000 mentioned.

England stayed on the gold standard 100 years with a 10-percent and less gold reserve. On a 40-percent gold standard, we can issue $20,000,000,000. Since we have only $5,500,000,000 in circulation, $14,500,000,000 more may be issued on gold and have a 40-percent reserve. In addition, we have a billion ounces of silver that may be used as a reserve for the issuance of a larger amount.

GOVERNMENT SHOULD TAKE OVER FEDERAL RESERVE BANKS

There are 12 Federal Reserve banks in this Nation. As originally framed, the Federal Reserve law was a good one, and the Federal Reserve banks were intended to serve a useful purpose; but the law has been changed by these so-called "perfecting amendments" until the Federal Reserve Banking System no longer serves the very useful function it was organized to serve. It has failed to extend credit at a time when credit was needed. The Federal Reserve Banking System has almost gone out of business except in the bond-brokerage business and the use of Government credit to buy Government bonds. It has today very few millions of dollars in bills it has purchased or rediscounted for member banks. They do, however, hold $3,500,000,000 in United States Government bonds. I say that it is an idiotic system that we have permitted to grow up. In other words, for the Government to let any banking institution or system on earth use the Government's credit to purchase United States Government bonds and then the Government continue to pay interest on those bonds is not sound business. It is nothing more than if I, having a $3,000 mortgage against my home, give you $3,000 to pay the mortgage, you pay the mortgage and have it transferred to yourself and still expect me to continue paying interest on this liquidated mortgage. This is the situation we are in with regard to the Federal Reserve banks holding United States Government bonds. These bonds were purchased with Government credit and the Government should not continue to pay $40,000,000 a year interest on these bonds while they are being held in this way.

GOVERNMENT CAN ISSUE A SOUND DOLLAR BILL IF IT CAN ISSUE A SOUND DOLLAR BOND

Furthermore, the private banks of the country hold about $13,000,000,000 of Government bonds (not including the $3,500,000,000 held by Federal Reserve banks), and when they collect interest on those bonds they are collecting nothing but a Government subsidy or bonus, and they should never be permitted to collect it. The Government should not issue such bonds. Thomas A. Edison was right when he said that any government that can issue a dollar bond that is good can issue a dollar bill that is good. The only difference is the bond draws interest and the bill does not draw interest. The bill is easier to pay because it does not draw interest, and usually the people who are objecting to paying the debts with this money, under a safe, sound system, are those who are drawing interest on Government bonds which are unnecessary for this Government to issue. We are paying this year nearly $800,000,000 interest on bonds, on which we should not pay one dime. It is useless; it is unnecessary. The Government debt can be paid off and at the same time not have undue expansion of the currency.

FEDERAL RESERVE SYSTEM PRIVATELY OWNED

Remember that the Federal Reserve Banking System we are talking about is not a Government-owned institution. It is true that the Government has a limited and restricted supervision over those banks through an indirect board that exists here in Washington, but they have 12 banks and 12 boards of directors. These banks are owned by private banks that are member banks. The Government does not own one penny of stock in them. Last year a group of Members of this House made a trip to New York City, and one of the objects of the trip was to go through the Federal Reserve bank.

While we were down in the bank vault, 50 feet below sea level, Governor Harrison was showing us where the gold used to be until, as he said, we took it away from him, and one of the gentlemen from the West said, "You took it away from us first." I asked him where the directors' room was. He stated that it was up on the tenth floor. I told him that was the room I wanted to see. He said, "There is nothing up there to see; but if you want to go up and see, all right." I told him I desired to see that room. We went up there and we found that the directors' room was on the north end of the building. Of course, "directors' room" does not mean anything. So I asked him, "Where is the Federal Reserve agent's room?" He showed us a suite of rooms on the east side and told us that "these are the Federal Reserve agent's rooms. This is his private office." The Federal Reserve agent used these rooms when acting as Federal Reserve agent.

I next asked him, "Where is the office of the chairman of the Board?" We then walked across the hall to the west side, and he told us, "Here is the office of the chairman of the Board and his suite of rooms where all of his stenographers and assistants are employed." It was just like on the other side. I next said, "I want you to explain to me and to these people assembled here why you have two offices for one official." And he is the same person. He is the Federal Reserve agent on the east side and chairman of the Board on the west side. The only difference is when he is Federal Reserve agent he is supposed to represent this great Government of ours. In that capacity he has the privilege of calling up the Bureau of Engraving and Printing here in Washington and have money printed and sent to him. The money will be printed and sent to him in New York City.

REPRESENTS BOTH BANKS AND GOVERNMENT

When that money is sent up there, he does not send the securities down here to deposit for that money; he deposits them up in New York City. When the money comes back, he goes across the hall and becomes chairman of the board. He then represents the member banks of that Federal Reserve district. It is his business to listen to those banks in reference to putting out that money. May I say further that two-thirds of the directors are elected by the banks and only one-third are appointed by the Federal Reserve Board; therefore, they have a balance of power. These Federal Reserve agents acting in their dual capacity I do not think are in position to properly represent the interests and the general welfare of the people of this Nation.

FOUR TONS OF PAPER MONEY DAILY

The Bureau of Engraving and Printing is running every day. They turn out about 4 tons of paper money a day. Each pound contains 500 bills, whether they be dollar bills or $10,000 bills. This money goes out every day to the banks of the country.

The money I propose to issue is no more fiat money or bologna dollars than the money issued every day by the banks of the country. The bankers hold to that "fiat money" view, but they do not stop and explain that the money they handle every day is fiat money, according to their own definition, and that the credit they handle is also fiat credit.

I respectfully submit for your consideration the following:

First. The Federal Reserve banks should be taken over by the Government and operated in the interest of all the people, banks, industry, agriculture, and commerce.

Second. No private corporation, or corporation owned by private corporations, should have the right to issue money.

Third. The Government should issue currency when in need of money instead of tax-exempt, interest-bearing bonds.

Fourth. No additional taxes should be levied as long as we need additional money.

Fifth. Very few of the bankers of the country, even the real good ones, have ever studied or thought anything about this monetary problem.

Sixth. A billion dollars a year can be used by the Government to a better advantage than paying it as interest on Government bonds that may be used as a basis for the issuance of currency.

Seventh. Direct credits should receive the thoughtful consideration of the people.

Eighth. Opposition to any progressive proposal may be expected from those who will be deprived of special privileges, the die-hard, orthodox, hard-money advocates, and the poll-parrot satellites of Wall Street who only repeat what others say and never think for themselves.

Ninth. We need and must have more money as a circulating medium, but we should not issue more Government bonds in order to get it. Money itself is of no value; it is a simple tool desired for the one purpose of making exchanges. Money is no mysterious thing; no mystic principles veil or obscure it; it is a tool for making exchanges, just as a hammer is a tool for driving nails.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to speak for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. The Members of the House may have already noticed that the United States exported to Japan 134,280 bales of cotton less last month. I should like to insert in the RECORD at this point as a part of my remarks a statement showing the amount of cloth that we have imported from Japan, which shows a great deal of increase in that also.

The SPEAKER. Is there objection?

There was no objection.

The statement referred to is as follows:

Imports of piece goods from Japan

MONTH OF MARCH 1935

	Square yards	Value
Unbleached	114,000	$4,000
Bleached	6,219,000	308,000
Printed, dyed, or colored	958,000	67,000
Total for March 1935	7,291,000	379,000

January to March, inclusive

	1935		1934	
	Square yards	Value	Square yards	Value
Unbleached	124,000	$5,000	None	None.
Bleached	13,806,000	663,000	342,704	$14,961
Printed, dyed, etc	2,791,000	186,000	107,667	9,936
Total	16,721,000	854,000	450,371	24,897

Above figures from Textile Division, Bureau of Foreign and Domestic Commerce.

Exports of raw cotton from United States to Japan

	Bales	
	1935	1934
January	149,232	166,800
February	98,026	137,089
March	51,632	129,281
Total	298,890	433,170

Decrease, 134,280 bales.

Mrs. ROGERS of Massachusetts. These figures show the immediate need for the President and his Cabinet board to take action to increase our raw cotton market and also to prevent the importing of cheap Japanese cotton goods. You will note it is a concentrated competition against a certain type of American-made cotton cloth.

Mr. HOLLISTER. Mr. Speaker, I ask unanimous consent to insert in the RECORD in connection with my remarks on the rule today certain statements concerning central banks in other countries, which statements have been prepared from official sources; and also a summary of the relations of the Federal Government with banking in the United States.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

THE PATMAN BONUS BILL

Mr. STACK. Mr. Speaker, I ask unanimous consent to extend my own remarks and insert therein a speech delivered by Hon. WRIGHT PATMAN at Philadelphia at the Three Hundred and Twelfth Field Artillery banquet.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. STACK. Mr. Speaker, under leave to extend my remarks, I insert herewith a speech delivered by the Honorable WRIGHT PATMAN, at the Broadwood Hotel, Philadelphia, Saturday, April 27, 1935, at 8 p. m., at the ninth annual banquet of the Three Hundred and Twelfth Field Artillery, composed chiefly of Philadelphia citizens. Commander James A. Russell, commander of the association, presided as toastmaster. The speech was delivered over a national radio hook-up.

From the comments I have received since the speech was delivered, the people of Philadelphia and Pennsylvania have a fuller understanding of what the Patman bill really is, and I personally am satisfied that the reaction in Philadelphia, quondam home of Republicanism and Toryism, was very favorable.

Mr. PATMAN's speech was as follows:

Mr. Toastmaster, members of the Three Hundred and Twelfth Field Artillery Association, distinguished guests, ladies and gentlemen of the radio audience: I am very glad of the opportunity to address an audience in the great city of Philadelphia, Pa., the cradle of American liberty and the city of brotherly love, and in the congressional district of my good friend and colleague MICHAEL J. STACK.

STACK PRAISED

This is one of the busiest times of my life, and ordinarily I would not have accepted your very kind invitation to be here, but remembering the strong, able, and effective support Congressman STACK has given to the cause that is so near and dear to my heart, I could not conscientiously decline. Congressman STACK served in the Ninetieth Division of the American Expeditionary Forces in France. He was wounded in battle, and his blood was spilled in time of war for the cause of his country. By reason of his great services upon the field of battle, and the heroic sacrifices made, he has received the distinguished honor of being decorated with the Order of the Purple Heart. Congressman STACK is making a good record in Congress. He is working hard and is admired by his colleagues for his courage and ability.

SENATOR GUFFEY

The Nation and the Democratic Party that I belong to—naturally I know more about the Democratic Party—have reasons to be grateful to Pennsylvania for sending us such an able and fearless delegation of Congressmen to the House of Representatives and such an able Senator, the Honorable JOE GUFFEY. I know all of these gentlemen, and know that they are sympathetic to the cause of the veterans of the World War and their dependents. The Democratic Members from the House unanimously, and a substantial number of the Republican Members, stood 100 percent for the Patman bill to pay the veterans in United States money, the best money on earth.

OUR PROBLEM—UNDERCONSUMPTION

Our national problem is not overproduction, it is underconsumption. If every person in the United States could buy all the needed comforts, necessities, and conveniences of life for himself and family, there would be a shortage of practically all commodities instead of a surplus. People in the South, who are producing cotton, are not financially able to buy the cotton goods that they need. The wage earners in the factories of the North do not have the purchasing power to buy what their factories produce. The first step toward lasting prosperity in this country must be made by the consumers. The consumers cannot make this necessary step unless they have purchasing power. Therefore, our first major problem is to distribute purchasing power among the masses of the people. Any plan that will distribute this purchasing power quickly, uniformly, and evenly into every nook and corner in the Nation with the least delay and with the least possibility of graft or favoritism should be given early consideration by the Congress of the United States.

ADJUSTED-SERVICE CERTIFICATES

I am here to discuss the payment of the adjusted-service certificates to 3½ million World War veterans. If these certificates are paid in cash now, the veterans will receive approximately $2,000,000,000. The 259,931 certificate holders in the great State of Pennsylvania will receive $155,000,000. The certificate holders in Philadelphia County alone will receive $31,500,000. A similar distribution will be made in all the 3,072 counties of the United States.

HOUSE FAVORED H. R. 1

When this subject is mentioned, it is not unusual for an uninformed person to say these certificates are not due until 1945 and the Patman bill—H. R. 1—provides for their payment in printing-press money. The Committee on Ways and Means in the House of Representatives considered this bill for several days. A majority of the members of that committee, who favored any bill providing for full payment favored H. R. 1, the Patman bill. This bill was discussed for several days before the House of Representatives, composed of 435 Members. Two-thirds of the Members of that body who favored any bill favored H. R. 1—the Patman bill—and it was passed in the House of Representatives and sent to the Senate.

SOLDIERS' ARMY PAY

The Senate Committee on Finance has reported our bill to the Senate, with a recommendation that the Harrison bill be substituted. I am opposed to the Harrison bill or any other bill that does not provide for full and immediate cash payment of these

certificates. It is true that the certificates are legally not due until 1945. They were given to the veterans as adjusted pay, not as a bonus. The word "bonus" is a misnomer and should never be used. Congress realized that the soldier who received $30 a month during the war was required to pay practically all of it on allotments to dependents, insurance, and necessary expenses not borne by the Government. The average soldier allotted from $5 to $20 a month of his $30 pay to dependents. He was compelled to pay $6.60 a month to the Government for insurance. (The veterans gave Uncle Sam $400,000,000 in this way.) In addition, he paid his bills for laundry, barber, tailor, mending and altering clothing and shoes, and other incidental expenses, after which, if any part of his monthly pay remained, he was required to buy a Liberty bond on the installment plan or be called a slacker. These Liberty bonds went down in price after the war, but the veterans realized $80 and $85 on the $100 for them.

COMPOUND INTEREST

Congress passed a law confessing a debt of another dollar a day to every veteran who served in the United States and $1.25 extra for every day served overseas. The question of pay was not seriously discussed before the men entered the service. This credit, together with a 25-percent increase for deferred payment and 4-percent interest for 20 years—1925 to 1945—was given to the veteran in the form of an adjusted-service certificate that he now holds. The average certificate is for $1,000 and 6 out of 7 veterans have borrowed the limit allowed by law—50 percent—on their certificates. They are required to pay compound interest on these loans, and if the law remains as it is now, this compound interest will practically consume the remainder of each certificate by 1945, when they are legally due.

CERTIFICATE REALLY PAST DUE

It is my contention that unless we can show that these certificates, which are payable in 1945, are as a matter of justice and right past due, we are not entitled to succeed in our efforts to get them paid now. In computing interest on what Congress confessed was due, the Government absolutely ignored nearly 7 years' interest. This has been acknowledged and confessed by high Government officials and no one questions it.

We are merely asking that these certificates be changed so as to give each veteran the amount of money that Congress confessed was due him, the $1 a day for domestic service and $1.25 a day for service overseas, as of the time he rendered the services with a fair and reasonable rate of interest from that time. If that is done, each veteran was entitled to receive an amount equivalent to the face or maturity value of his certificate on October 1, 1931. Therefore, since each veteran was entitled to an amount equal to the face value of his certificate October 1, 1931, he should not be required to pay interest on loans since that time. H. R. 1, the Patman bill, provides that each veteran shall be paid the full amount of his certificate now in cash after deducting all loans and interest on loans before October 1, 1931.

NO TAXES OR BONDS NECESSARY

This debt can be paid now without a bond issue, without creating a new debt, and without increasing taxes by merely converting the adjusted-service certificates, which represent one form of Government obligation, into United States notes—currency—another form of Government obligation. The uninformed and the puppets and hirelings of Wall Street interests immediately brand a proposition of this sort as unsound, claiming we propose to issue fiat or printing-press money.

It is in the interest of Wall Street to prevent the issuance of this money, if it is possible for them to do so. It is stepping on the toes of the big bankers and is a step in the direction of Congress doing what they have succeeded in preventing Congress doing, that is, coining money and regulating the value thereof as required by the Constitution of the United States. This great privilege of issuing money has been farmed out to them by our Government, and they do not want anything done that will be in the direction of denying them this great privilege that is worth billions of dollars and is probably the greatest racket on earth.

BONUS TO BIG BANKERS

Our Government is paying almost a billion dollars a year interest on its own credit to holders of Government securities. It is not right for the people to be compelled to pay a penny of this amount. If our Government were to borrow money from a foreign country or a foreign bank, it would be right for our Government to pay interest on the amount borrowed, or if our Government should borrow gold from our own citizens to use in international trade to promote the interest of our country, our Government should pay our citizens interest for the use of that gold.

Today, however, our Government does not borrow money from a foreign country or a foreign bank, neither is it borrowing gold from its own citizens; therefore, it should not be compelled to pay tribute, interest, bonus, or gratuity to a few big bankers for the privilege of using its own credit. That is exactly what our Government is doing. It is an imbecilic and idiotic system that has grown up over a period of years that cannot be charged directly to any one political party or any one individual. The people have discovered this idiotic system. They have finally gotten the truth. The ones who enjoy these special privileges are making every effort to becloud the issue, deceive and mislead the people with red herrings, and all kinds of propaganda and downright falsehoods disseminated by their hired hands, puppets, and easily misled citizens.

THE MONEY WE PROPOSE TO ISSUE

Let us see what kind of money we propose to issue to pay these certificates with. We have in circulation today $346,000,000 in United States notes—the kind of money often referred to as "greenbacks"—that is in circulation every day. We propose to issue $2,000,000,000 more of these United States notes to pay the veterans.

January 30, 1934, our great Chief Executive approved a law which places all right, title, and interest in and to all gold in the United States Government. I have before me a recent statement from the United States Treasury, which discloses that it has the enormous gold reserve of $8,700,000,000. The act of March 14, 1900, requires the Secretary of the Treasury to keep this money—United States notes—on a parity or equality with all other money coined or printed by the United States Government. Existing laws, therefore, require the Secretary of the Treasury to use all the gold available for the purpose of maintaining this parity.

MONEY WILL HAVE 100-PERCENT GOLD BACKING

There is outstanding today in general circulation, issued by the Government, $5,500,000,000 in currency and coin. If we issue $2,000,000,000 additional, we will have outstanding $7,700,000,000 in currency and coin. Therefore, after this additional money is issued, the Government will have in the Treasury sufficient gold to pay 100 cents on the dollar all outstanding money, and it will be the duty of the Government to use this gold for that purpose if necessary. If this money should be so redeemed, 100 cents on the dollar, the Government will have remaining in the Treasury idle and unused more than $1,000,000,000 in gold in addition to $1,000,000,000 in silver. Can anyone say that money that has a 111-percent gold reserve to back it is fiat money or printing-press money? It is certainly the best money that our Government can issue?

NO INFLATION

Another charge that is made by the poll parrot satellites of special privilege is that the payment of this money will cause an inflation of the currency. This argument was anticipated. Proper safeguards have been inserted in the bill, H. R. 1, that will absolutely prohibit even a possible inflation of the currency. The bill provides that the Secretary of the Treasury may cause Federal Reserve notes, another form of currency, to be retired. The bill, H. R. 1, provides that if the price level exceeds the 1926 price level or if the Secretary of the Treasury believes—it is left entirely to his judgment—that there is danger of an undue expansion of the currency, he can cause Federal Reserve notes to be withdrawn that will prevent it. There is outstanding today $3,500,000,000 in currency in the form of Federal Reserve notes. Our total circulating medium of coin and currency aggregates $5,500,000,000. According to the terms of our bill, H. R. 1, the Patman bill, this payment of $2,000,000,000 can be made to the veterans and the circulating medium not increased by one dollar if the Secretary of the Treasury withdraws Federal Reserve notes from circulation as he pays United States notes to the veterans in payment of the remainder due on their certificates. Any person who says that this bill is an inflationary bill or that the money we propose to issue is fiat money is either uninformed or is willfully misrepresenting the facts.

IF FAIR FOR BANKS, FAIR FOR VETERANS

In actual practice, we propose in H. R. 1—the Patman bill—that a veteran who holds a Government security—an adjusted-service certificate—payable in 1945, shall have a right to deposit that certificate with the Government and get another form of Government obligation in return for it. In asking this, we are not seeking to invoke a new principle or policy for the issuance of money. Under existing laws, a Federal Reserve bank, which is owned by private corporations—not one dollar of the stock is owned by the Government or any individual—can deposit a Government obligation that is payable January 1, 1945, and receive new money in return for it. The only charge is the cost of printing, which is about 27 cents a thousand dollars. The Government's credit is used absolutely free, and such banks continue to draw interest on the Government security that it deposited to secure the money. The money secured is Federal Reserve notes, printed at the Bureau of Engraving and Printing at Washington, at the same place the United States notes are printed. The same Government that guarantees the payment of the Reserve notes will guarantee the payment of United States notes.

If it is fair and right for the banks to receive money in return for a deposit of Government obligations that are payable in 1945 and continue to get interest on the deposited obligations, is it not equally fair and right for the veterans to be permitted to do identically the same thing in the same way, except they will not be permitted to draw interest on the obligations deposited? If it is fair for the banks, it is certainly fair for the veterans. Can anyone say that these money-creating corporations should have privileges that good citizens of this country should not have?

ONE-FOURTH CIRCULATING MEDIUM DESTROYED

Our circulating medium consists of outstanding money in the form of greenbacks and coins and demand deposits in banks subject to check. Over a period of years, the amount of outstanding money has remained practically the same, about five and one-half billion dollars. Demand deposits subject to check, however, have increased and decreased greatly over the same period. From 1926 to 1929, these demand deposits aggregated $21,000,000,000. Times were good then. The banks have called loans, however, and canceled these deposits and they have decreased to $14,000,000,000 at

the end of 1934. Therefore, the banks have destroyed $7,000,000,000 of our circulating medium. Are we committing an economic crime in trying to restore $2,000,000,000 of this circulating medium that the banks have destroyed $7,000,000,000 of through their deflationary policies?

The circulation of money and credit from 1926 to 1930 averaged $200 per capita. It is now down to $150 per capita. Therefore, one-quarter of our medium of exchange has been absolutely destroyed. You can no more do business with an insufficient amount of money than you can handle the commerce of this country with insufficient transportation facilities.

If we pay the veterans $2,000,000,000, no one will be paying interest on this money while it is outstanding, and $2,000,000,000 of the $7,000,000,000 destroyed will be restored.

WILL SUPPORT ANY BILL FOR FULL PAYMENT

My first objective is the payment in full in cash now of the adjusted-service certificates. We were never able to get much attention or support from nonveterans until we were able to show that the payment could be made without cost to the Government and in the same kind of money that the Government now issues to the banks in return for Government securities. I expect to support any bill that provides for full and immediate cash payment whether the method of payment is satisfactory to me or not, but I do believe and insist that the method we propose is in the interest of the country as well as the veterans and should be adopted because it will save the Government money instead of costing the Government money, thereby eliminating the necessity for considering new tax bills or bond issues.

HARRISON BILL UNSATISFACTORY

Next Monday the United States Senate is expected to take up for consideration our bill that passed the House of Representatives March 22, 1935. Senator PAT HARRISON, of Mississippi, will doubtless offer the Senate committee amendment to the bill, which provides that all of our bill be stricken out after the enacting clause, and the Harrison bill inserted. The Harrison bill will not cause the veterans to get much money. The average veteran who holds a $1,000 certificate has borrowed $500. He owes accumulated interest of $100. Under the Harrison bill he will have his note and interest canceled and will receive from $150 to $175 in cash in full settlement and satisfaction of his $1,000 adjusted-service certificate. During the war civilians were paid from $8 to $20 a day. After this adjustment to the veterans they will be paid on the basis of $2 or $3 a day. Evidently Congress considered this amount small and increased the deferred payments 25 percent. The Harrison bill eliminates this 25-percent increase for waiting that Congress has heretofore confessed was reasonable. It is claimed for this bill that it will save the taxpayers a billion dollars. That is probably true and it will cause the veterans to lose the billion that will be saved by the taxpayers. It is unthinkable that this proposal can possibly be a satisfactory settlement or solution of this problem. If the Harrison bill passes the Senate I predict that the House will not accept it; that a free conference committee will be appointed from each House to iron out the differences between the Harrison bill and the Patman bill, and this conference committee will make an effort to agree upon a bill that will be satisfactory to both Houses of Congress and the President. All of this should be done and this problem settled one way or another within the next 15 or 20 days.

IF OUR BILL FAILS, WILL SUPPORT VINSON BILL

Another bill that is insisted upon is the Belgrano-Vinson bill, which provides for full cash payment. If this bill should pass, bonds will have to be sold by the Government to obtain the money to pay the veterans. Interest will have to be paid on these tax-exempt bonds. By the time the bonds are paid, a few large bankers will get as much money in interest as the veterans have received in cash. I prefer our method of making the payment, but if our method cannot be adopted I will vote for the Belgrano-Vinson bill, because the debt to the veterans is long past due and should be settled like all other Government obligations are settled, in cash.

BENJAMIN FRANKLIN—PHILADELPHIA—CONSTITUTION

It is inspiring to me to be in the great city of Philadelphia, where the Declaration of Independence and the Constitution of the United States were framed and agreed to. Every school child in America knows about Philadelphia being the home of Benjamin Franklin and that Benjamin Franklin not only helped to write these great documents, but he was also one of the signers of each of them. It was here 146 years ago that the Constitution of the United States was framed. Benjamin Franklin, doubtless, helped to write into this great document a mandate that Congress shall coin money, regulate its value, and fix the standard of weights and measures.

Congress has carried out its duty to fix the standard of weights and measures, but instead of performing its duty in regard to coining money it has farmed out that great privilege to a few large bankers, who have enjoyed it for the benefit of themselves and caused the American people to pay tribute to them in return for the issuance of blanket mortgages upon their own property.

I think it is fitting to remind this audience of what Benjamin Franklin said in his autobiography in regard to the issuance of money. Benjamin Franklin's statement was as follows:

"About this time there was a cry among the people for more paper money, only £15,000 being extant in the province, and that soon to be sunk. The wealthy inhabitants oppos'd any addition, being against all paper currency, from an apprehension that it would depreciate, as it had done in New England, to the prejudice of all creditors. We had discussed this point in our Junto, where I was on the side of an addition, being persuaded that the first small sum struck in 1723 had done much good by increasing the trade, employment, and number of inhabitants in the province, since I now saw all the old houses inhabited and many new ones building, whereas I remembered well that when I first walk's about the streets of Philadelphia, eating my roll, I saw most of the Houses in Walnut-street, between Second and Front-streets, with bills on their doors, 'To be let'; and many likewise in Chestnut-street and other streets, which made me then think the inhabitants of the city were deserting it one after another.

"Our debates possess's me so fully of the subject, that I wrote and printed an anonymous pamphlet on it, entitled The Nature and Necessity of a Paper Currency. It was well receiv'd by the common people in general; but the rich men dislik'd it, for it increas'd and strengthen'd the clamor for more money and they happening to have no writers among them that were able to answer it, their opposition slacken'd, and the point was carried by a majority in the House. My friends there who conceiv'd I had been of some service, thought fit to reward me by employing me in printing the money; a very profitable job and a great help to me. This was another advantage gain'd by my being able to write.

"The utility of this currency became by time and experience so evident as never afterwards to be much disputed; so that it grew soon to fifty-five thousand pounds, and in 1739 to eighty thousand pounds, since which it arose during the war to upwards of three hundred and fifty thousanad pounds, trade, building, and inhabitants all the while increasing, tho' I now think there are limits beyond which the quantity may be hurtful."

If Benjamin Franklin were here today, he probably would not see so many signs on the doors of the buildings "To be let", but he would certainly find upon the streets of Philadelphia and all other American cities good, able-bodied men, who are able, willing, and anxious to work but cannot find jobs. The benefits which the people of Philadelphia received by the issuance of money in Franklin's time will be repeated now if we invoke the same principle for the paying of the adjusted-service certificates as provided in the Patman bill as Benjamin Franklin advocated in the city of Philadelphia 200 years ago. Times have changed, conditions have changed, but this one economic principle that the Government and not the bankers should issue currency has remained just as sound as it was when Benjamin Franklin advocated it and when it was written into the Constitution of the United States.

CONCLUSION

In conclusion, may I remind you that under the Patman bill the veterans of this Nation can be paid the remainder due in cash now—$2,000,000,000—without creating a new debt and without causing a bond issue or an increase in taxes. It will actually save the Government more than a billion dollars. If you desire this plan adopted you should communicate your wishes to your United States Senators. If the Harrison plan is adopted, the 3,000,000 veterans who have borrowed on their certificates will not get a satisfactory settlement and the question will still be before Congress and the country.

If this debt is not paid to the veterans now, compound interest will consume the remaining half of every certificate borrowed on within the next few years and the veterans will have practically nothing coming to them in 1945.

The distribution of this $2,000,000,000 will be a godsend to the people of this Nation. It will be used to buy comforts and necessities of life, to pay debts, purchase homes and farms, and for other good purposes. The substantial payment will help the veterans greatly at a time in life when their children are young and when the money is needed the most. It will be paid to them at a time when they should exercise the very best judgment in its distribution. Such payment will not only help the veterans and their families, but it will increase purchasing power in every section of our country and will help everybody.

AMERICAN RETAIL FEDERATION

The SPEAKER. Pursuant to the provisions of House Resolution 203, the Chair appoints as members of the Special Committee to Investigate the American Retail Federation the following Members of the House: Mr. COCHRAN (Missouri), chairman; Mr. WARREN (North Carolina); Mr. DOCKWEILER (California); Mr. LUCAS (Illinois); Mr. MCLEAN (New Jersey); Mr. COLE (New York); Mr. BOILEAU (Wisconsin).

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. COCHRAN, for 1 week, on account of illness;

To Mr. STARNES, indefinitely, on account of pressing business affairs; and

To Mr. DEROUEN, at the request of Mr. MONTET, indefinitely, on account of illness.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 5914. An act to authorize the coinage of 50-cent pieces in connection with the California-Pacific International Exposition to be held in San Diego, Calif., in 1935 and 1936.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2035. An act to amend an act approved June 25, 1934, authorizing loans from the Federal Emergency Administration of Public Works, for the construction of certain municipal buildings in the District of Columbia, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 5914. An act to authorize the coinage of 50-cent pieces in connection with the California-Pacific International Exposition to be held in San Diego, Calif., in 1935 and 1936.

ADJOURNMENT

Mr. O'CONNOR. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.) the House adjourned until tomorrow, Tuesday, April 30, 1935, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DARDEN: Committee on Naval Affairs. H. R. 6512. A bill to authorize the crediting of service rendered by personnel (active or retired) subsequent to June 30, 1932, in the computation of their active or retired pay after June 30, 1935; without amendment (Rept. No. 807). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DIES: A bill (H. R. 7774) to provide for the Federal incorporation of the Veterans Club of America; to the Committee on the Judiciary.

By Mr. SWEENEY: A bill (H. R. 7775) to amend title 40, section 276 A, of the United States Code, supplement VII; to the Committee on Labor.

By Mr. RAMSPECK: A bill (H. R. 7776) authorizing the Secretary of War to appoint cadets to the United States Military Academy from the honor graduates of "honor schools" designated by the Secretary of War, in which Junior Reserve Officers' Training Corps units are conducted; to the Committee on Military Affairs.

By Mr. BEITER: A bill (H. R. 7777) creating the World War Memorial Commission and providing for the erection, in Washington, of a memorial to the soldiers, sailors, and marines of the United States who lost their lives in the World War; to the Committee on the Library.

By Mr. DOCKWEILER: A bill (H. R. 7778) to adjust the salaries of rural letter carriers, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. MOTT: A bill (H. R. 7779) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon; to the Committee on Indian Affairs.

By Mr. THOMPSON: A bill (H. R. 7780) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near New Boston, Ill.; to the Committee on Interstate and Foreign Commerce.

By Mr. ROGERS of Oklahoma: A bill (H. R. 7781) to define the election procedure under the act of June 18, 1934, and for other purposes; to the Committee on Indian Affairs.

By Mr. SUMNERS of Texas: A bill (H. R. 7782) to provide for retirement of Justices of the Supreme Court; to the Committee on the Judiciary.

By Mr. ROGERS of Oklahoma: A bill (H. R. 7783) relating to Osage Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. VINSON of Georgia: Resolution (H. Res. 207) for the consideration of H. R. 7220; to the Committee on Rules.

Also, resolution (H. Res. 208) for the consideration of H. R. 4767; to the Committee on Rules.

Also, resolution (H. Res. 209) for the consideration of H. R. 5731; to the Committee on Rules.

By Mr. FISH: Joint resolution (H. J. Res. 266) to prohibit the exportation of arms, munitions, or implements of war to belligerent nations; to the Committee on Foreign Affairs.

Also, joint resolution (H. J. Res. 267) to propose a multilateral agreement renouncing the sale or export of arms, munitions, or implements of war to any foreign nations; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDRESEN: A bill (H. R. 7784) granting a pension to Max Durrenfeld; to the Committee on Pensions.

By Mr. BELL: A bill (H. R. 7785) for the relief of the Franklin Ice Cream Co.; to the Committee on War Claims.

By Mr. CASEY: A bill (H. R. 7786) for the relief of William Gionet; to the Committee on Claims.

By Mr. DIETRICH: A bill (H. R. 7787) authorizing the President to present in the name of Congress a medal of honor to Wilson C. Price; to the Committee on Military Affairs.

By Mr. DISNEY: A bill (H. R. 7788) for the relief of Mrs. Earl H. Smith; to the Committee on Indian Affairs.

Also, a bill (H. R. 7789) to provide a right-of-way; to the Committee on Military Affairs.

By Mr. EDMISTON: A bill (H. R. 7790) for the relief of S. A. White; to the Committee on Claims.

By Mr. FORD of California: A bill (H. R. 7791) for the relief of Bernard Gallagher; to the Committee on Military Affairs.

By Mr. HALLECK: A bill (H. R. 7792) granting a pension to Mira W. Miller; to the Committee on Invalid Pensions.

By Mr. HARTLEY: A bill (H. R. 7793) for the relief of G. Goldberg & Sons; to the Committee on Claims.

Also, a bill (H. R. 7794) for the relief of the Newark Concrete Pipe Co.; to the Committee on Claims.

By Mr. LEWIS of Maryland: A bill (H. R. 7795) for the relief of Robert Delauder; to the Committee on Military Affairs.

By Mr. ROGERS of Oklahoma: A bill (H. R. 7796) for the relief of Skelton Mack McCray; to the Committee on Indian Affairs.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7797) granting a pension to Lillie Sharp; to the Committee on Pensions.

By Mr. THOMAS: A bill (H. R. 7798) granting an increase of pension to Kate M. Farrell; to the Committee on Pensions.

By Mr. UNDERWOOD: A bill (H. R. 7799) for the relief of George O. Claypool; to the Committee on Claims.

Also, a bill (H. R. 7800) granting an increase of pension to Margaret R. F. Newell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7801) granting a pension to Charles C. Cloud, Sr.; to the Committee on Pensions.

By Mr. WILCOX: A bill (H. R. 7802) for the relief of Shirley D. Wells; to the Committee on Military Affairs.

Also, a bill (H. R. 7803) for the relief of the Florida National Bank & Trust Co., a national banking corporation, as successor trustee for the estate of Phillip Ullendorff, deceased; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7837. By Mr. ROGERS of Oklahoma: Petition headed by L. V. Dunn, of Breedsville, Mich., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct

Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7838. Also, petition headed by J. L. Burgess, of Loretto, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7839. Also, petition headed by F. M. Harris, of Kiamichi, Okla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7840. Also, petition headed by A. Dixon, of Stroud, Okla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7841. Also, petition headed by R. E. Hill, of Tamo, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7842. Also, petition headed by A. Scott, of Wallace, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7843. Also, petition headed by George Patterson, of Rochelle, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to 50 a month; to the Committee on Ways and Means.

7844. Also, petition headed by H. W. Huggins, of Dossville, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7845. Also, petition headed by Ernest W. Grinney, of Logansport, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7846. Also, petition headed by N. Taylor, of Madison, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7847. Also, petition headed by J. B. Wilks, of Henagar, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7848. Also, petition headed by Isaac Ray, of Bastrop, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7849. Also, petition headed by S. Lemley, of Grant, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7850. Also, petition headed by A. L. Smith, of Flat Rock, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7851. Also, petition headed by O. E. Parsons, of Bessemer, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7852. Also, petition headed by J. H. Sullivan, of Corridon, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7853. Also, petition headed by R. Lee, of Alexandria, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7854. Also, petition headed by J. E. Cooper, of Talladega, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7855. Also, petition headed by J. C. Mock, of Cowarts, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7856. Also, petition headed by James Linsey, of Wrightsville, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7857. Also, petition headed by L. Welch, of Harrisville, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7858. Also, petition headed by E. J. Green, of Chalybeate, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for a direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7859. Also, petition headed by Jessie Self, of Decatur, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7860. Also, petition headed by L. S. Arndt, of Christopher, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7861. Also, petition headed by J. Frye, of Burnwell, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7862. Also, petition headed by Louis C. Waitz, of Cleveland, Ohio, favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7863. Also, petition headed by James Dixon, of Logansport, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7864. Also, petition headed by Edward Fernell, of Keatchie, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7865. Also, petition of A. Bankester, of Robertsdale, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7866. Also, petition headed by M. L. Rowell, of Chicago, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7867. Also, petition headed by Carl Chambers, of Beaumont, Tex., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7868. Also, petition headed by C. Stewart, of Mount Vernon, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7869. Also, petition headed by G. W. Chatman, of Monroe, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7870. Also, petition headed by T. Lowery, of Owensboro, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7871. Also, petition headed by M. Smith, of Moulton, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7872. Also, petition headed by G. Montgomery, of Greenburg, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7873. Also, petition headed by R. I. Cunningham, of Siluria, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7874. Also, petition headed by Saul Wills, of Tunica, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the

Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7875. Also, petition headed by Charley Jackson, of Robinsonville, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7876. Also, petition headed by T. N. Kendrick, of Starke, Fla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7877. Also, petition headed by J. D. Cargile, of Beaverton, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7878. Also, petition headed by R. M. Merritt, of Winnsboro, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7879. Also, petition headed by Nat Norwood, of Tallulah, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7880. Also, petition headed by I. Bryant, of Olmstead, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7881. Also, petition headed by Newton Strange, of Campbellsburg, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7882. Also, petition headed by Joseph Ball, of Bedford, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7883. Also, petition headed by A. H. Mann, of Mansfield, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7884. Also, petition headed by Henry David, of Monticello, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7885. Also, petition headed by Thomas Griffin, of East Florence, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7886. Also, petition headed by M. Presley, of Luling, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7887. Also, petition headed by C. Huffman, of Christopher, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7888. Also, petition headed by James A. Ciarlo, of Steger, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7889. Also, petition headed by R. D. Layne, of Cullen, Va., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7890. Also, petition headed by D. L. Robinson, of Dunn, N. C., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7891. Also, petition headed by Arthur Lee Cook, of Selma, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7892. Also, petition headed by H. C. Hoover, of Ponchatoula, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7893. Also, petition headed by V. Carter, of Orrville, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7894. Also, petition headed by A. D. White, of Ardmore, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7895. Also, petition headed by Will Nelson, of Boliver, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7896. Also, petition headed by L. N. Turner, of Strawberry, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7897. Also, petition headed by Frank Fields, of Powell, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7898. Also, petition headed by Joseph McHenry, of New Orleans, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7899. Also, petition headed by L. H. Andrus, of Houston, Tex., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7900. Also, petition headed by Nick Hester, of Pontotoc, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7901. Also, petition headed by L. C. Millican, of Greenwood Springs, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7902. Also, petition headed by O. C. Newell, of Pontotoc, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7903. Also, petition headed by John F. Silas, of Greenwood Springs, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7904. Also, petition headed by Joseph H. Lusk, of Manchester, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7905. Also, petition headed by T. Battle, of Athens, Ga., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7906. Also, petition headed by Edgar Sides, of Athens, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7907. Also, petition headed by R. Taylor, of Shreveport, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7908. Also, petition headed by Allen Stephens, of Wellington, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7909. Also, petition headed by R. H. Junkin, of Gordo, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7910. Also, petition headed by G. W. Tapp, of Hardin, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the

Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7911. Also, petition headed by C. Griffin, of Altha, Fla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7912. Also, petition headed by M. Graham, of Picayune, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7913. Also, petition headed by C. M. Miles, of Pleasant Hill, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7914. Also, petition headed by Lon Smith, of Oxford, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7915. Also, petition headed by W. A. Pearson, of Samson, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7916. Also, petition headed by C. Newell, of Kenton, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7917. Also, petition headed by S. D. Lowery, of Danville, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7918. Also, petition headed by J. C. Brackin, of Town Creek, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7919. Also, petition headed by W. I. Ramsey, of Ashville, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7920. Also, petition headed by Earl C. Jett, of Trinity, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7921. Also, petition headed by V. Authement, of Houma, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7922. Also, petition headed by W. S. Smith, of West Point, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7923. Also, petition headed by G. B. Mims, of Maringouin, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7924. Also, petition headed by J. L. Crim, of Renfroe, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7925. Also, petition headed by A. Cemp, of Maringouin, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7926. Also, petition headed by J. E. Stewart, of Florence, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7927. Also, petition headed by A. Porter, of Lucy, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7928. Also, petition headed by Jasper Thompson, of Lambert, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7929. Also, petition headed by Bryant Southworth, of Sadieville, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7930. Also, petition headed by W. L. Spivey, of Oxford, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7931. Also, petition headed by C. Kelley, of Greenville, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7932. Also, petition headed by Lee Arnold, of Jackson, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7933. Also, petition headed by W. L. Thompson, of Waxahachie, Tex., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7934. Also, petition headed by D. Eggenberg, of Gasconade, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7935. Also, petition headed by George Johnson, of Montgomery, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7936. Also, petition headed by Edward McCluny of Tuscumbia, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7937. Also, petition headed by Fred Ronnebeck, of West Helena, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7938. Also, petition headed by Hardy Johnson, of Rohmer, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7939. Also, petition headed by H. H. Bader, of McGehee, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7940. Also, petition headed by J. B. Fields, of Saltillo, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7941. Also, petition headed by R. Cook, of New Orleans, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7942. Also, petition headed by Grover C. Rich, of Celina, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7943. Also, petition headed by E. McDonald, of Borger, Tex., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7944. Also, petition headed by Andrew J. Holzworth, of Grafton, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7945. Also, petition headed by Grady Aldridge, of Kennedy, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7946. Also, petition headed by P. Slatt, of Sipsey, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7947. Also, petition headed by C. L. Rhodes, of Cullman, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7948. Also, petition headed by J. N. Oswalt, of Fayette, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the

Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7949. Also, petition headed by Will Montgomery, of Grenada, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7950. Also, petition headed by M. Scolaro, of Tampa, Fla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7951. Also, petition headed by Clifford White, of Chattanooga, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7952. Also, petition headed by H. H. Hudson, of Manila, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7953. Also, petition headed by Leland A. Hatten, of Truman, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7954. Also, petition headed by E. Beasly, of Lawrenceburg, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7955. Also, petition headed by G. A. Palmer, of Guntown, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7956. Also, petition headed by A. E. Williams, of Oil Trough, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7957. Also, petition headed by G. D. Laird, of Newport, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7958. Also, petition headed by N. Jones, of Somerville, Tex., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7959. Also, petition headed by A. C. Coffman, of Russellville, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7960. Also, petition headed by M. L. Borker, of Guthrie, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7961. Also, petition headed by James W. Davis, of Locust Hill, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7962. Also, petition headed by J. H. Sullivan, of Corridon, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7963. Also, petition headed by S. Wiley, of Chamberlin, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7964. Also, petition headed by Vernon Shaw, of Caruthersville, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7965. Also, petition headed by Sam Nays, of Miston, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7966. Also, petition headed by Teodore Eubansk, of Boaz, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7967. Also, petition headed by N. Potter, of Steele, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7968. Also, petition headed by G. W. Humphrey, of Shamrock, Tex., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

7969. By Mr. BUCK: Memorial of the California State Legislature, memorializing the President and the Congress of the United States to include the Central Valley project in the national program of work relief; to the Committee on Flood Control.

7970. By Mr. FORD of California: Resolution of the Senate and the Assembly of the State of California, recommending the Central Valley project to the President and to the Congress of the United States as of first and prime importance to the State of California and requesting that adequate funds be made available from the work-relief appropriation for immediate construction of the project, thus conferring lasting benefits upon the people of California; to the Committee on Flood Control.

7971. By Mr. HIGGINS of Connecticut: Resolutions of the General Assembly of the State of Connecticut, favoring additional hospital facilities for the veterans' hospital at Newington, Conn.; to the Committee on World War Veterans' Legislation.

7972. By Mr. JOHNSON of Texas: Petition of A. R. Erskine, chairman of postal affairs committee, Memphis Chamber of Commerce, Memphis, Tenn., favoring House bill 2798; to the Committee on Ways and Means.

7973. Also, memorial of A. T. Baggett, Jr., president Chamber of Commerce of Midlothian, Tex., favoring House bill 7201; to the Committee on Military Affairs.

7974. By Mr. KIMBALL: Resolution of Arizona State Chamber of Commerce, endorsed by the Marshall (Mich.) Chamber of Commerce, urging continuation of the tax on foreign copper; to the Committee on Ways and Means.

7975. By Mr. LAMNECK: Resolution of Columbus Aerie No. 297, of the Fraternal Order of Eagles, favoring that part of the social-security bill (S. 1130 and H. R. 4142) providing for Federal monetary assistance to the States paying old-age pensions; to the Committee on Ways and Means.

7976. By Mr. LUNDEEN: Petition of Minnesota State Legislature, urging Congress to pass legislation providing for an adequate tariff on the pulpwood and newsprint paper to protect American labor and industry; to the Committee on Ways and Means.

7977. Also, petition of the Central Regional Conference of the Minnesota District of the Evangelical Synod of North America, urging Congress to pass legislation to nationalize the munition industry; to the Committee on Military Affairs.

7978. Also, petition of the Minnesota State Legislature, memorializing Congress to amend section 5219, Revised Statutes of the United States, so as to permit the States to tax national banks upon a fair and equitable basis; to the Committee on the Judiciary.

7979. Also, petition of the Wyanett Township Farmer-Labor Club, Minnesota, urging the enactment of legislation to provide that the Federal Government take over all private banks, and urging the enactment of House bill 3008 to provide for a Bank of the United States; to the Committee on Banking and Currency.

7980. Also, petition of the City Council of St. Paul, Minn., urging the enactment of the Pettengill bill (H. R. 3263); to the Committee on Interstate and Foreign Commerce.

7981. Also, petition of the Lutheran Minnesota Conference of the Augustana Synod, of Minneapolis, Minn., urging the enactment of the Pettengill bill (H. R. 6472) to outlaw

the practice of block-booking in the moving-picture industry; to the Committee on Interstate and Foreign Commerce.

7982. Also, petition of the Lutheran Minnesota Conference of the Augustana Synod, Minneapolis, Minn., urging the enactment of various measures to prevent the participation of the United States in a future war; to the Committee on Military Affairs.

7983. Also, petition of the Northwestern Lumbermen's Association, of Minneapolis, Minn., expressing opposition to the appointment of officers of a nationally known mail-order company to positions of trust and responsibility in Federal departments; to the Committee on Ways and Means.

7984. Also, petition of the Northwestern Lumbermen's Association, of Minneapolis, Minn., urging the discontinuance of the Retail Lumber and Building Material Code after June 16, 1935; to the Committee on Ways and Means.

7985. Also, petition of Hennepin County Veterans Farmer-Labor Club, urging that the committee investigating un-American activities give full publicity as to prior hearings and continue its investigation at public hearings; to the Committee on Immigration and Naturalization.

7986. Also, petition of the Minnesota Junior Association of Commerce, urging that there be a closed season on migratory waterfowl throughout the United States and Alaska; to the Committee on Agriculture.

7987. Also, petition of the executive council of the Minnesota Historical Society, urging Congress to appropriate sufficient funds for the publication of three volumes of Territorial Papers by the Department of State; to the Committee on Appropriations.

7988. By Mr. MAPES: Petition of 236 residents of Grand Rapids, Kent County, Mich., recommending the repeal of the Wheeler-Howard Act and protesting against the continuance in office of the present Commissioner of Indian Affairs; to the Committee on Indian Affairs.

7989. By Mr. MERRITT of Connecticut: Resolution of the General Assembly of the State of Connecticut, urging the Congress to appropriate the necessary funds for the completion of the United States veterans' hospital at Newington, Conn.; to the Committee on World War Veterans' Legislation.

7990. By Mr. PFEIFER: Petition of New York Typographical Union, No. 6, New York City, concerning the national labor-relations bill; to the Committee on Labor.

7991. Also, petition of the New York branch, National Association for the Advancement of Colored People, New York City, concerning the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

7992. Also, petition of the Merchants' Association of New York, concerning the Federal banking bill for 1935; to the Committee on Banking and Currency.

7993. By Mr. SCHAEFER: Petition of the Senate, Illinois General Assembly, importuning Congress to reduce Federal tax on beer from $5 per barrel to $2.50 per barrel; to the Committee on Ways and Means.

7994. Also, petition of citizens of East St. Louis, Ill., urging Congress to enact into law House bills 2010, 2885, and 3048, House Resolution 2733, and House Joint Resolutions 69 and 4, all providing for the extermination of communism in the United States; to the Committee on Immigration and Naturalization.

7995. Also, petition of members of Progressive Miners of America, Belleville, Ill., protesting enactment of the Guffey bill; to the Committee on Interstate and Foreign Commerce.

7996. Also, petition of members of labor organizations, Belleville, Ill., urging enactment of the Wagner labor-disputes bill; to the Committee on Labor.

7997. Also, petition of citizens of East St. Louis, Ill., urging the House of Representatives to pass Senate bill 1629, providing for Federal regulation of interstate highway transportation; to the Committee on Interstate and Foreign Commerce.

7998. By Mr. STUBBS: Joint resolution adopted April 24, 1935, by the California State Assembly, by a vote of 68–0, condemning the Thomas oil bill; to the Committee on Interstate and Foreign Commerce.

7999. By Mr. TRUAX: Petition of Milk Drivers and Dairy Employees Union, Local 361, Toledo, Ohio, by their business representative, E. J. Haumesser, favoring the passage of House bill 7172, known as the "Mead substitute bill" providing for sick leave and annual leave for all postal substitutes, ratio of 1 substitute to 7 regulars, graduated pay from the present rate of 65 cents per hour to the rate of the third grade, or $1,900 per year, and prohibition against furloughs or dismissals, also favoring the passage of House bill 6990 providing for a 40-hour week for all postal employees; to the Committee on the Post Office and Post Roads.

8000. Also, petition of Milk Drivers and Dairy Employees, Local 361, Toledo, Ohio, by their business representative, E. J. Haumesser, urging passage of the Wagner-Connery labor-disputes bills, the Guffey bill on mining codes, and S. 87, by Senator BLACK, providing for a 30-hour work week in industry, also favoring the continuation of the National Industrial Recovery Act which expires June 15, as it is necessary to retain the code provisions for hours and wages because they represent a definite move in the right direction and believing that it seems certain that unless the gains already effected through the National Recovery Administration codes can be made permanent through the continuation of the National Industrial Recovery Act that labor will receive a serious set-back; to the Committee on Labor.

8001. Also, petition of United Brotherhood of Carpenters and Joiners of America, Ladies Auxiliary, Toledo, Ohio, by their secretary, Mrs. Ida M. Gilger, urging support of House bills 7172 and 6990, the Wagner bill, the Connery bill, and the continuation of the National Recovery Act; to the Committee on Labor.

8002. Also, petition of International Hod Carriers' Building and Common Laborers' Union of America, Local 498, Massillon, Ohio, by their secretary, Claude R. Kramer, urging support of the Wagner-Connery labor-disputes bills, the Guffey bill on mining codes, the amended National Recovery Act, and S. 87 providing for the 30-hour week in industry; to the Committee on Labor.

8003. Also, petition of students of Miami University, Oxford, Ohio, by their chairman, James Phillips, urging their official Representatives in Washington to work to bring the United States unreservedly into a collective security system which will provide legislative, executive, and judicial agencies adequate for world government; to the Committee on the Judiciary.

8004. Also, petition of Ella T. Smith and numerous others of Kennedy Heights, Ohio, urging support of House bill 6995 relative to Spanish War veteran legislation; to the Committee on Pensions.

8005. By Mr. WELCH: California Senate Joint Resolution No. 16, relating to Federal legislation granting subsidy or assistance to the American merchant marine; to the Committee on Merchant Marine and Fisheries.

8006. Also, Senate Joint Resolution No. 14, memorializing and petitioning the President and the Congress of the United States to include the Central Valley project in the national program of work relief; to the Committee on Appropriations.

8007. By the SPEAKER: Petition of the commissioners' court, of Carson County, Tex.; to the Committee on Interstate and Foreign Commerce.

8008. Also, petition of the Common Council of Delaware, Ohio; to the Committee on the Judiciary.

8009. Also, petition of the Association of Commerce, Lake Charles, La.; to the Committee on Interstate and Foreign Commerce.

8010. By Mr. DRISCOLL: Petition signed by Hon. J. Fred Thomas, mayor, and attested by Hon. Fred H. Williams, city clerk, of Sharon, Pa., urging the construction of a dam for flood control, and other purposes, above the borough of Sharpsville, Pa., on the Shenango River; to the Committee on Military Affairs.

8011. Also, petition signed by Hon. John E. Cleary, president of council, and Hon. H. R. Parsons, burgess of Sharpsville, and the secretary of council, Mame K. Robins, attested to it, urging the construction of a dam for flood control, and other purposes, above the borough of Sharpsville, Pa., on the Shenango River; to the Committee on Military Affairs.